Evolution of the Budget in Massachusetts

1521

BY

LUTHER H. GULICK

SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF DOCTOR OF PHILOSOPHY IN THE FACULTY OF POLITICAL SCIENCE, COLUMBIA UNIVERSITY, NEW YORK, 1920

New York

THE MACMILLAN COMPANY

1920

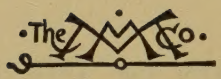
All rights reserved

3781
C72G

STANFORD UNIVERSITY LIBRARIES

WITHDRAWN

EVOLUTION OF THE BUDGET IN MASSACHUSETTS



THE MACMILLAN COMPANY
NEW YORK · BOSTON · CHICAGO · DALLAS
ATLANTA · SAN FRANCISCO

MACMILLAN & CO., LIMITED
LONDON · BOMBAY · CALCUTTA
MELBOURNE

THE MACMILLAN CO. OF CANADA, LTD.
TORONTO

Evolution of the Budget in Massachusetts

BY

LUTHER H. GULICK

SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF DOCTOR OF PHILOSOPHY IN THE FACULTY OF POLITICAL SCIENCE, COLUMBIA UNIVERSITY, NEW YORK, 1920

New York

THE MACMILLAN COMPANY

1920

All rights reserved

COPYRIGHT, 1920,
BY THE MACMILLAN COMPANY.

Printed from type. Published May, 1920.

Norwood Press
J. S. Cushing Co.— Berwick & Smith Co.
Norwood, Mass., U.S.A.

PREFACE

THIS historical sketch of the development of the budget in Massachusetts is an outgrowth of a brief outline prepared for Representative Joseph E. Warner during the fall of 1917, when the author was the secretary of the Joint Special Committee on Finance and Budget Procedure of the Massachusetts General Court. It is not the purpose of this discussion to prove or disprove any of the current budget dogmas, but solely to record in orderly fashion the long series of events that have led up to the present budget system of Massachusetts. The reformer who looks for immediate and revolutionary changes in the financial methods will find little consolation in the history of Massachusetts. For this very reason, the student of government who believes there is some value in the gradual growth of the habits and forms of government, will see, it is hoped, a justification for this presentation of the evolution of the budget in Massachusetts.

The author has several debts to acknowledge. Representative Benjamin Loring Young has been a most helpful and constructive critic. Mr. Carl A. Raymond, Deputy Supervisor of Administration, and Mr. Louis A. Phillips, Legislative Reference Librarian, have rendered valuable assistance. The acute criticisms of Professor

Thomas Reed Powell and the suggestions and advice of Professor Howard Lee McBain, both of Columbia University, have guided the author in shaping the material of this study. Lest others may be charged with responsibility for statements of fact and of judgment contained in these pages, it is only fair to state that as the author has not in all cases been guided by his counselors, the responsibility is his and his alone.

L. H. G.

New York,
March, 1920.

CONTENTS

CHAPTER PAGE

I. BEFORE THE CONSTITUTION 1

Charter Provisions; The Executive-Legislative Struggle; Development of Legislative Control; Underlying Causes.

II. FIRST STEPS UNDER THE CONSTITUTION, 1780–1849 . . 11

The New Constitution; The Budget of 1780; Legislative Committees of 1780; Development of "Rolls"; Appropriations; Position of Legislative Committees; Position of the Governor.

III. LAYING THE BUDGET FOUNDATIONS, 1849–1910 . . 25

Creation of the Auditor; Preparation of Estimates; Appropriations; The Authorization of Transfers; Growing Importance of Committees; Increased Leadership of the Governor; Development of Financial Control.

IV. THE GOVERNOR AND THE BUDGET, 1910–1918 . . . 42

Part I. Budget Reform in 1910 and its Results — The Walker Act; Governor's New Responsibility Recognized in Republican Platform; Democratic Governor Elected; Governor Foss and the Walker Act; Governor Authorized to Employ Experts; Governor's Recommendations and Legislative Revision; Results of Executive Participation in Appropriation Process; Party Platforms of 1911; Creation of Commission on Economy and Efficiency; Estimates to Auditor; Governor Eliminated from Appropriation Process; Supervisor of Administration Replaces Commission; Ultimate Result of Walker Act.

Part II. Budget Reform in 1917 — Report of Economy and Efficiency Commission; Report on Revenues and Loans; Chamber of Commerce Report; The Legislature and Budget Reform.

CHAPTER PAGE

V. The Joint Special Committee on Finance and Budget Procedure 71

Composition of Committee; Sub-committee on the Budget.

Part I. Preparation of the Budget for 1918 — Staff Assistance of Supervisor; Institutional Visits; Conferences; Budget Policy; The Subcommittee's Budget; Budget Submitted to Legislature; The Massachusetts Budget of 1918; Supporting Details.

Part II. Providing for a Budget System — Budget Views of Committee Members; Budget Program of Mr. Warner and Mr. Young; Time Limit Forces Decision; The Budget Recommendations of the Recess Committee.

VI. The Legislature of 1918 and the Budget . . . 94

Governor McCall and Speaker Cox Advocate the Budget System; Budget Progress in the Legislature; Legislative Consideration of the 1918 Budget; Public Interest in the Budget; Conflict with Senate Over Committee Reference; Budget Revisions of the House Committee; Revised Budget Bill Before the House; Budget Bill Before the Senate; Significant Incidents in the Passage of the Budget Bill; Disposition of Postponed Items; Budget Recommendations for Capital Outlays; Relation of Budget Appropriation to Total Appropriations; Appropriation Bills of 1918; Appropriations for Metropolitan Districts; Early Passage of Appropriation Acts; General Satisfaction with New Budget System.

VII. Establishing the Budget System 117

Part I. The Budget System Bill — Committee Recommendations; Referred to Joint Ways and Means Committee; Lack of Interest in Budget System; Passage of the Bill.

Part II. Other Financial Reforms in 1918 — Minor Recommendations of Recess Committee; Salary Standardization and the Administrative Control of Appointments and Promotions; Transfers of Funds Appropriated for State Departments.

CHAPTER PAGE

VIII. The Constitutional Convention and the Budget . 129

Part I. The First Session of the Convention, 1917 — The Budget Resolutions Submitted; Hearings Before the Committee on Finance; Report of Committee.

Part II. The Second Session of the Constitutional Convention, 1918 — Committee Report Before the Convention; Debate on the Executive; Committee on Finance Changes Its Mind; Debate on the Budget; The Convention's Address to the People; Ratification by the People; Analysis of Vote.

IX. Experience with the Budget in 1919 162

Form of Estimate Blanks for State Departments; Preparation of the Budget by the Supervisor of Administration; the Governor's Submission of the Budget; Budget Recommendations of Inaugural Address; Forms and Content of the 1919 Budget; Legislative Consideration of the 1919 Budget; The Budget Speech; Newspaper Comment on Budget Speech; Debate on the Budget Bill in the House; The Budget Bill Before the Senate; Supplementary Budgets; The Budget and the Pork-Barrel; Appropriations Based on the Governor's Special Messages; Private Petitions for Appropriations; Total Appropriations of 1919 Session.

X. Budget Reform in 1919 194

New Constitutional Provisions; Changes in Budget Law and Practice; Reorganization of the Executive Departments; The Reorganization Act; Effect of Reorganization on the Budget.

XI. Constitutional Conflict over the Budget in 1920 . 207

Preparation and Submission of the Budget; The 1920 Budget; The Expenditure Program; The Revenue Program; Budget Before Joint Committee on Ways and Means; Results of Financial Inquiries; Opinion of the Attorney-General; Public Criticism of the Governor's Budget; The Governor's Revised Budget; Restoration of the Constitutional Principle of Executive Responsibility.

CHAPTER PAGE

XII. Classification of the Massachusetts Budget System 224

Classification of Budget Systems; Classification of the Massachusetts Budget System.

XIII. Outstanding Facts in the Evolution of the Massachusetts Budget 228

Evolution of Estimates; Authorization; Audit of Expenditures; Execution; The Dynamic of Budget Reform; Legislative Leadership; The Limits of Public Interest; The Influence of the Budget Environment; Three Years of Budget Experience; The Value of the Budget System; The Need of a Budget Staff; The Failure of Massachusetts Provisions to Make the Governor Responsible for the Budget; The Permanency of the New Budget System.

Appendix I. The Budget Amendment of the Massachusetts Constitution 239

Appendix II. The Massachusetts Budget Act . . . 241

EVOLUTION OF THE BUDGET IN MASSACHUSETTS

EVOLUTION OF THE BUDGET IN MASSACHUSETTS

CHAPTER I

BEFORE THE CONSTITUTION

When the patriots of Massachusetts Bay resisted the imposition of a tax on tea by a government in which they had no voice, they were expressing a political axiom well rooted in the hearts and pockets of our ancestors. Taxation and representation belonged together. It was one of the ideas that came over in the *Arabella* in the spring of 1630 when the government of Masasachusetts was brought from England to this continent.[1]

The idea that taxation and representation belonged together was the more firmly fixed because of the long conflict that had been waged between the royal governors and the elected representatives of the colonists.

Charter Provisions.

In 1691 William and Mary granted Massachusetts a new charter. The frame of government, in the words of the charter, was as follows:

> "And Wee doe further for Vs Our Heires and Successors Will Establish and ordeyne that from henceforth for ever there

[1] Manual of Constitutional Convention, 1917, page 6.

> shall be one Governor One Leivtent or Deputy Governor and One Secretary of Our said Province or Territory to be from time to time appointed and Commissionated by Vs Our Heires and Successors and Eight and Twenty Assistants or Councillors to be advising and assisting to the Governor. . . . *And further* Wee Will and by these presents for Vs Our Heires and Successors doe ordeyne and Grant that there shall and may be convened held and kept by the Governor for the time being. . . . a great and General Court of Assembly Which said Great and General Court of Assembly shall consist of the Governor and Councill or Assistants for the time being and of such Freeholders of Our said Province or Territory as shall be from time to time elected or deputed by the Major parte of the Freeholders and other Inhabitants of the respective Townes or Places. . . ."

The legislative power conferred on the general court was to enact "wholesome and reasonable laws," to "name and settle Annually all Civill Officers," to define their duties and powers, and

> "to Impose and levy proportionable and reasonable Assessments Rates and Taxes upon the Estates and Persons of all and every the Proprietors and Inhabitants of our said Territory to be disposed of by Warrant under the hand of the Governor . . . with the advice and Consent of the Councill for Our service in the necessary defense and support of our Government of our said Territory and the Protection and Preservation of the Inhabitants there according to such acts as are or shall be in force within our said Province and to dispose of matters and things whereby our Subjects inhabitants of our said Province may be Religiously peaceably and Civilly Governed Protected and defended soe as their good life and orderly Conversation may win the Indians natives of the Country to the knowledge and obedience of the onely true God and Saviour of Mankind. . . . "

It was also provided that the governor should have the veto power, that all laws should be sent to England for a further approval, and that the councillors should be elected by the Great General Court.[1]

The Executive-Legislative Struggle.

This charter with its grant of the money power to the people's representatives formed the basis of the long struggle between the house and the governor, a struggle which is too well known to need any comment here.[2] It is sufficient for our purposes to point out the salient results of the struggle. These were:

1. The wide separation of the executive and legislative departments.
2. The absolute control of the people's representatives over the levy of taxes and the appropriation of funds.
3. The gradual assumption of executive power by the legislature through the agency of its financial control.
4. The establishment of the principle that financial measures must originate with the "people's representatives" — the lower house.
5. The evolution of a "legislative budget" as a means of restricting the executive and keeping taxes down.

[1] Charter of 1691.

[2] H. R. Spencer, "Constitutional Conflict in Provincial Massachusetts." Charles H. J. Douglas, "Financial History of Massachusetts from 1620 to 1775." Charles Bullock, "Finances of the United States 1775 to 1789."

Incidents in the Struggle.

This conflict brought forth many exceedingly interesting incidents. So hostile were the representatives to various royal governors that they decreased their salaries, which were voted annually, and even went so far in the bitterest fights as to make no grants whatsoever.

Phips, the first royal governor, wrote to the home government "no salary was allowed or was intended," and asked the king to interfere.[1] Dudley, the third governor, demanded the enactment of a permanent salary, only to be informed by the house, "As to settling a salary for the governor, it is altogether new to us; nor can we think it agreeable to our present constitution; but we shall be ready to do what may be proper for his support." [1] In 1720 Elisha Cooke, the leader of the "country party," [2] was elected speaker of the house. Governor Shute disallowed the selection, but the house paid no attention. The governor then dissolved the assembly.[3] When the new house met in July, the representatives took vengeance by cutting in half the gratuity voted annually to the governor's father, and in the following year decreased the governor's salary.[4]

It is to be noted that the power over the governor's salary was used as a club and that up to 1735 the grant was customarily postponed to the last day of the session.[4] Indeed, in 1721 the house refused to proceed to the passage

[1] Bancroft, Vol. II, page 68. [2] Spencer, page 66.
[3] Letter of Shute to Board of Trade, June 1, 1721, Vol. 13, X. 24.
[4] Bancroft, Vol. II, page 246.

of money bills till the governor notified them that he had approved the acts, resolves and elections of the session.[1]

The gradual encroachment by the legislature on the executive power was the cause of continued friction almost from 1691 to 1775. More than one governor complained bitterly to the home government. Governor Shute made the charge to the king in 1723 that the house had given orders to garrisons, examined and disposed of military supplies, discharged individual officers for political reasons, and determined the number and ranks of armed men he might maintain.[2]

Perhaps the keenest complaint of all, however, was that of Governor Belcher in a letter dated December 26, 1732, to Newcastle, in which he said:

> "All the struggle in that matter is for power; if every account of the Province must be subjected to the House of Representatives the King's Governor will be of very little signification. They that have control of the money will certainly have the power, and I take the single question on this head to be whether the King shall appoint his own Governor or whether the House of Representatives shall be Governor of the Province."[3]

Douglas, who condemns the tactics of the representatives in his financial history of Massachusetts, regards the financial struggle as part of the American Revolution.[4]

[1] Spencer, page 66.
[2] *Ibid.*, page 124.
[3] December 26, 1732, Belcher Papers, page 493.
[4] Douglas, Financial History of Massachusetts, pages 57, 137.

The Origination and Amendment of Money Bills.

There was also a long-continued conflict between the house of representatives and the council over the amendment of money bills. In 1746, for example, the council altered the tax bill sent up to them by the house. It was returned, and the journal of the house reads: "Read and non-concurred. For as much as the House apprehend the honorable Board (according to the constant usage of the General Court and ancient privilege of the Representatives of the People) may only concur or non-concur a Tax Bill, but may not make any amendment."

On June 21st, the council persisted in amending the bill, and on the 24th the house refused to accept any amendment made by the council. Finally, on the 26th the council gave in, at the same time notifying the house, — "Although the Board apprehend they have a just right to make an amendment on a Tax Bill, at least in a matter circumstantial, which was the point in dispute between the two Houses on the present Tax Bill; yet rather than delay the important business of the Court at this critical juncture, the Board have concurred the Tax Bill as sent up by the Honorable House." Nevertheless, the council, that very afternoon, amended an appropriation (supply) bill and sent it down. Again the house non-concurred and sent a message to the board, saying: "It is very surprising to the House, that the Honorable Board should in their vote of this day begin a grant of a great expense to this Province; for how reasonable soever the particulars voted may be, yet this House apprehend such

grants should always originate with the People, who are at the cost of them."

This struggle between the two houses was settled by the constitution in 1780 with its provision that — "All money bills shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills," — a phrase which found its way into the federal Constitution in 1787.[1]

Development of Legislative Control.

Paralleling this struggle for financial control by the representatives of the people, there was a gradual development of the machinery of financial control. In the earliest days there were no separate appropriation acts, strictly speaking, for the right to spend was included in the right to collect. The revenues were raised by grants of direct and indirect taxes "For the Defence of his Majesty's subjects and interests," and for other equally vague and general purposes. The revenue measures of a year were from three to six in number. They had no relation with each other, and no attempt was made to consider the financial problem as a whole and to plan accordingly.[2]

The revenue system of the province, coupled with the growing financial leadership of the house of representatives, brought about a significant change. The revenue needed was raised from two sources, direct taxes and

[1] Gilpin, Madison Papers, pages 1530–1531; Massachusetts Constitution, Part II, Chap. I, sec. III, Art. VII.

[2] See Province Laws and Resolves, Vol. I to V.

indirect taxes.[1] The fact that the indirect taxes failed to meet the needs of the government made it necessary to fall back each year on polls and property taxes to be apportioned on the various towns. The representatives were sent by these towns and so had a lively appreciation of the unpopularity of direct taxes and as a result were always eager to prevent any expenditure that could possibly be avoided. To make the expenditures for a given year as low as possible, they finally brought all the matters together in a single bill, paring it down to the lowest possible figure and insisting that the council could not amend it in any particular, nor introduce any other measures. This evolution of a "legislative budget," in which expenditures and revenue were balanced over against each other with great care, was complete by 1733. In that year practically the entire running expenses of the government were fixed and financed by a single bill entitled "An Act for Supplying the Treasury with the Sum of Seventy-Six Thousand Five Hundred Pounds, Bills of Credit, for Discharging the Public Debt, &c., and for establishing the Wages of Sundry Persons, &c., in the Service of the Province." This combined appropriation and revenue bill provided:

1. Fixed salaries for the soldiers of the province.

2. That seventy-six thousand five hundred pounds should be issued in bills of credit, — "all sums shall be employed for the necessary defence and support of this

[1] Douglas, Financial History of Massachusetts, 32, 33 '59–95; Bullock Finances of the U. S. 1775–89, Bul. University of Wisconsin, pages 224–226.

government, viz., eight thousand one hundred and sixty-two pounds twelve shillings, part thereof, shall be applied to pay the wages and other sums now due or that may be due by virtue of the establishment of Castle Williams as above, and to and for no other purpose whatsoever. . . ." In similar fashion the other appropriations follow, each concluded by the clause "and to and for no other purpose whatsoever."

3. Pay for the councillors and for the representatives.

4. "That if there be a surplusage in any sum appropriated, such surplusage shall ly(e) in the treasury for further order of this court."

5. That the bills of credit issued be redeemed by poll and property taxes as they fell due over a period of years.[1]

By 1733, then, the legislature had adopted a "segregated budget," in modern parlance, and had carefully guarded the surpluses by making them lapse into the treasury.

This unity of financial planning continued, except for an upset at the time of the colonial wars, till 1775, when the war financing, both state and national, upset all orderly procedure. The period falling between 1733 and 1775 displays at times a unity of financial planning exceedingly refreshing to the present-day student of public finance.[2]

Underlying Causes.

It is an interesting phase of budgetary history that in provincial Massachusetts a unified financial program

[1] Province Laws, Vol. II, page 690. [2] 1774 Province Laws, V, page 390.

was developed as early as 1733. A careful study of the forces that brought it about lead to the conclusion that it was a result of the conflicting political interest of the peoples' representatives and the royal governors. A unified financial plan was found to be the most efficient way of tying down the executive and limiting the direct taxes. Professor Bullock writes in his monograph on the Finances of the United States, 1775 to 1789: "It is probably safe to attribute the growth of a unified budget in this colony (Massachusetts) to the calculating and parsimonious character of the policy of the representatives. This conclusion does not necessarily exclude all possibility of an influence having been exerted by the example of English methods. But it does seem certain that within the colony itself existed conditions which are a sufficient explanation of the course of budgetary development." [1]

[1] Bul. U. of Wisconsin, Vol. 1, page 228.

CHAPTER II

FIRST STEPS UNDER THE CONSTITUTION
1780 TO 1849

The New Constitution.

The Massachusetts constitution of 1780 was the handiwork of John Adams as modified by the elected representatives of the freemen of the state.[1] It preserved most of the old institutions and made changes only where necessary to correct Provincial abuses, or to replace the British crown.

The sections of the constitution affecting finances and financial control were copied almost word for word from the charter of 1691 — with the omission of the religious and missionary phrases.[2] The veto power was left with the governor,[3] the executive duties of the old council were turned over to the new council,[4] while the legislative duties of the old council went to the senate.[5] The power to originate money bills was left with the house, though the senate, now elective, was given power to amend.[6] The issuance of moneys from the treasury was made dependent, as under the charter, upon a warrant signed by the governor.[7]

[1] Convention Manual 1917, page 22.
[2] Part II, sec. I, Article IV.
[3] Part II, Chap. I, sec. I, Article II.
[4] *Ibid.*, Chap. II, secs. I–III.
[5] *Ibid.*, Chap. I, sec. II.
[6] *Ibid.*, Chap. I, sec. III, Article VII.
[7] *Ibid.*, Chap. II, sec. I, Article XI.

Article XIII of the section dealing with the governor is interesting in view of the historical experiences of the province. It provides:

> "As the public good requires that the governor should not be under the undue influence of any of the members of the general court by a dependence on them for support, that he should in all cases act with freedom for the benefit of the public, that he should not have his attention necessarily diverted from that object to his private concerns, and that he should maintain the dignity of the commonwealth in the character of its chief magistrate, it is necessary that he should have an honorable stated salary, of a fixed and permanent value, amply sufficient for those purposes, and established by standing laws: and it shall be among the first acts of the general court after the commencement of this constitution, to establish such salary by law accordingly."

From a financial standpoint, the only important change brought about by the new constitution was the establishment of a popularly elected governor, and even this innovation had little effect for the time being because of the ingrained jealousy of executive power.

The Budget of 1780.

During the Revolution all orderly finance disappeared, and it is not surprising to find a disorganized system in 1780. In the first session of the general court after the adoption of the new constitution there were eight acts and 157 resolves of a budgetary nature. If any financial plan had been adopted for the session, certainly no evidence of it is to be found in the number or sequence of the acts and resolves carrying a charge upon the treasury

Summary Table from the Budget of 1780.

The sums necessary for the services of the current year (exclusive of raising the men and the supply of beef, respectively assessed upon the towns) are as follows:

For shirts, shoes and stockings for the Massachusetts line	£20,200
To pay for clothing from Europe, already purchased, and charges	6,000
To import clothing from ditto	20,000
To pay for officers clothing, now due to them	12,000
To discharge part of the principal of the public debt	50,000
To purchase small stores for the army	11,000
Money required by Congress for payment of the troops, etc.	86,000
Ditto, to discharge Quarter-Master's certificates	64,000
To discharge interest on the depreciation notes, and such of them as become due in a few days	95,000
To pay interest on the securities of government	118,000
For the support of civil government	30,000
For the Commissary-General's office	30,000
For the supplies of forts and garrisons	40,000
To discharge the debts due from the late Board of War	12,500
To pay interest on hard money notes	6,000
To procure 13,000 bushels of salt	9,750
Ditto — 74,500 gallons of rum	18,625
For redeeming one-seventh part of the new money	66,000
To procure 2000 barrels of pork	16,000
To pay for transportation of rum, salt and pork	16,000
Money for sundry charges of the war, not enumerated	212,000
(in specie	£939,075

Amounting in the whole to *nine hundred and thirty-nine thousand and seventy-five pounds*, in specie. The means for payment of which, as we conceive, may best be obtained in the following manner

By loan on the supply bill	£400,000
The silver money tax now collecting	72,000
The surplus of beef, appropriated to the supply of pork	16,000
By the shoes, stockings, etc., proportionably levied on the several towns	20,200
By the sale of confiscated estates	40,000
By excise on articles of consumption	50,875
By a tax on polls and estates	320,000
By a lottery for the purchase of clothing	20,000
(in specie	£939,075

or providing funds for the treasury. But on February 27, 1781, about the middle of the first session of the general court, a summary budget statement was prepared and ordered printed and publicly distributed.[1] This statement, in addition to the summary estimates of expenditures and revenues, contains an explanation of the revenue measures, of some of the appropriations called for, and concludes with a discussion of the state debt and a ringing appeal to the patriotism of the people for support of a public loan. The financial balance sheet of this "budget" is reprinted on page 13.

Legislative Committees of 1780.

In addition to handling many matters directly, the general court appointed a number of committees and individuals to which were appropriated lump sums for the discharge of obligations of the government.

Among these committees were the committee for superintending purchases (R. Chap. 8, Oct.), the board of war (R. Chap. 10, Oct.), the committee to superintend the purchase of beef (R. Chap. 16, Oct.), the committee for methodizing and stating accounts (R. Chap. 20, Oct.), the committee for settling with the army (R. Chap. 21, Oct.), and the committee to concur and pay accounts (R. Chap. 11, Oct.). All of these, but one, were carried over from the pre-constitutional days and in some cases were instructed "to proceed in their business according to the several directions of former general

[1] Resolves of 1780, Chapter 162.

courts." [1] Others were not formally reappointed or reinstructed, but continued and acted as before.[2]

The most interesting of these committees from the budgetary standpoint is the committee to concur and pay accounts. It was an innovation created by resolve Chapter 11, of November 4, 1780, as follows:

> "*Resolved*, That *Richard Cranch*, *Lemuel Kollock*, *Joseph Hosmer*, *Jonathan Webster*, and *Noah Goodman*, Esqu'rs, be, and they are hereby appointed a committee on the part of this House, whose business it shall be to receive, examine, and pass on all accounts (not otherwise ordered) which shall be exhibited to them for allowance, for any service done in persuance of any resolve or order of the General Court, provided such accounts be properly vouched and authenticated, and the dooings of said committee respecting such accounts, or any three of them (who are hereby appointed a quorum) shall be considered as valid as any vote or resolve of this house, during the recess as well as in the sitting of the General Court.
>
> "And it is further *Resolved*, That *Jabez Fisher* and *Ephraim Starkweather*, Esq'rs. shall be a committee on the part of the Senate, and they are hereby authorized and empowered, both in the sitting and recess of the General Court, to concur and pay all such accounts as shall have been allowed by the committee of the House as aforesaid, always taking proper vouchers for the same.
>
> "And it is further *Resolved*, That there be paid out of the public treasury to said committee of the Senate, a sum not exceeding *two thousand pounds* in the new emission of money, to enable them to pay off accounts as aforesaid, said committee to be accountable for the expenditure of the money they shall so receive.

[1] Resolves 1780, Chap. 20, October.

[2] *E.g.* Chap. 29, Jan. sess. See Chaps. 72, 85, 206, etc., grants to individuals for public purposes.

"And it is further *Resolved*, That the Committee on the part of the House shall keep a particular record, expressing the names of the persons whose accounts they shall allow, the towns to which they belong, for services done, and the sums allowed to them respectively, which record shall be laid before this House once in every session, for their inspection.

"And it is also *Resolved*, That the committee on the part of the Senate shall from time to time lay their accounts, which they shall have paid, together with the vouchers, and an account of their expenditures, before this House, that said committee of the Senate may be discharged from such sums of money as may appear to have been by them expended, provided always that nothing in the foregoing method of examining, allowing and paying accounts shall be considered as a precedent for the future, but to have been adopted merely from the necessity of the present times."

A few days later certain former duties of the treasury were transferred to this committee on accounts by chapter 37 of the resolves. "Whereas," read the preamble of this resolve, "it has been found inconvenient that the bounties, . . . should continue to be paid by warant on the treasury: Therefore, to prevent unnecessary loss of time in getting said bounties, It is Resolved" that the committee on accounts be instructed to pay bounties.

On receiving its appropriation, the house committee set about certifying the various claims that came before it as payable under the orders and resolves of the general court, and the senate committee, on receiving this certificate, paid out the amount indicated from the appropriation granted. From time to time the committee laid its "Roll of Accounts" before the general court to have it "allowed." At such times the committee was "dis-

charged" of the amounts allowed. For example, on November 24th, we find the following resolve:

> "Whereas the committee appointed on the part of the Senate to concur and pay accounts, have received of the Treasurer of this Commonwealth, by virtue of a warant from his Excellency the Governor, dated the fourth instant, two thousand pounds in bills of the new emission, and have produced good and sufficient vouchers to the satisfaction of the Committee for auditing the public accounts, as by the certificate of the said committee may appear, for the expenditure of one thousand nine hundred and ninety-five pounds thirteen shillings and two pence: Therefore, be it
>
> "Resolved, That the Committee for paying the accounts as aforesaid, be discharged of the aforementioned sum . . . leaving a balance of four pounds six shillings and ten pence, due to the Commonwealth, for which said committee is to be accountable."[1]

The committee was granted another lump sum of five thousand pounds by resolve Chapter 64. In similar fashion the committee was later discharged from this as well.[2] During the session the total advances to the committee were £30,000. This committee clearly formed one of the important links in the financial administration of the earliest days.

Development of "Rolls."

In 1785 Governor James Bowdoin vetoed the customary annual resolve creating the committee to receive and pay accounts described above. He held that the practice was unconstitutional and a usurpation of executive power. He said: "The legislature is to raise money in the several

[1] Resolves 1780, Chap. 77, October.

[2] *Ibid.*, Chap. 180.

ways mentioned; and the executive is to dispose of it for the public service according to such acts as are or shall be in force." [1]

As a result, the actual administration of appropriations was in danger of passing from the legislature to the executive. The last lump-sum grant to a committee was voted in 1785.[2] The legislature, however, was quick to see that this power could be retained by examining the specific claims first and then appropriating the needed sums specifically. To accomplish this the committee on accounts was recreated without the objectionable powers, and proceeded to prepare, at least once a session, "Rolls" of all amounts which, in their judgment, were due municipalities or individuals and for which no appropriation had been made. Each "Roll" was then laid before the legislature and "His Excellency the Governor" was "requested to issue his warrant for the payment of the corporations and persons borne on this Roll." The first such roll was passed November 17, 1786,[3] and the tactful address to the governor was discontinued with roll No. 37 passed June 22, 1797.[4] Beginning with roll No. 38, it was resolved "that there be allowed and paid out of the public treasury" the amounts indicated.[5]

The function of these "Rolls" is indicated by the subjects customarily contained in them. In 1804, for ex-

[1] Veto message of July 1, 1785, Acts and Res. 1784, page 723.
[2] Acts and Res. 1785, Feb. Chap. 125.
[3] *Ibid.*, 1786, Nov. Chap. 128, Resolves.
[4] *Ibid.*, 1797, May, Chap. 42, Resolves.
[5] *Ibid.*, Jan. Chap. 135, Resolves.

ample, there were two "Rolls" of $16,378.48 and $30,-496.48, respectively, one passed the last day of the May session, and the other the last day of the January session.[1] Each of these classifies the accounts under six heads: Paupers, militia, convicts, sheriffs, printers, and miscellaneous. Under this last head appear such items as repair of the state house, stationery, surveying, record books, messenger service, postage, and auditing accounts.[2] That these "Rolls" were used as a means of meeting deficiencies also is indicated by resolves of 1791 and 1792. In 1791, twenty-four pounds were appropriated to Jacob Kuhn, chief messenger of the general court,[3] to purchase "fuil and candles" for the court.[4] In 1792, in "Roll No. 24," appears the item:[5]

> "To Jacob Kuhn for the Money expended by him for the purchase of Wood Coal &c. for the use of the General Court over and above the sum of twenty four pounds paid him by the Treasurer persuant to a Resolve passed June 18th, 1791 . . . £2/8/5¼.

The passage of "Rolls" was continued throughout this entire period, the last appearing in 1848.[6] During the latter years the "Rolls" were split up, such sections as the pauper or militia accounts appearing separately.[7] This system made it possible for the legislature, and more

[1] Acts and Res. 1804, Resolves, May, Chap. 58; Jan. Chap. 153.

[2] *Ibid.*, page 396.

[3] Jacob Kuhn discharged the administrative functions of the sergeant-at-arms, an office which was not created till 1835.

[4] Acts and Res. 1791, May, Chap. 79, Resolves.

[5] *Ibid.* 1792, May, Chap. 82, Resolves.

[6] *Ibid.* 1848, Chap. 70, Resolves.

[7] *E.g. Ibid.*, 1839, Chap. 38, Resolves; 1842, Chap. 92, Resolves.

especially for the house, to keep its hand on the administration of an important part of the commonwealth's finances, notwithstanding the abolition by the governor's veto of the committee to receive and pay accounts.

Estimates.

During the period 1780–1849 the general court customarily had the benefit of estimates, both of revenues and expenditures, in making its appropriations.[1] These estimates were prepared by the treasurer, who was at this time elected on joint ballot of the two chambers,[2] and were submitted to the house with recommendations by the committee on finance.[3] Occasionally the treasurer was given broad powers to gather material on which to base his estimates, but no effort appears to have been made to get the ideas of the heads of the various departments.[4] In form, the estimates first appear in brief tables with considerable text, though at times there are no tables.[5] The preparation of estimates was not a regular duty of the treasurer, but was required from year to year by special order of the house. In 1827 the order was passed on June 19th ;[6] in 1837 on January 9th,[7] and in 1839 on January 16th. On this last occasion the treasurer complains that he has had but two days to draw up the

[1] For certain years it is impossible to find any evidence of estimates. This is especially surprising from 1844–1847.

[2] Const. Part II, Chap. II, sec. IV, Art. 1; Amend. Art. XVII.

[3] *E.g.* Report of Committee on Finance for 1822, 1827, 1828, 1832, 1833, 1834, 1836, 1838, 1841, 1843, etc.

[4] *E.g.* Order of House, June 19, 1826.

[5] *E.g.* 1834

[6] House Documents 1827.

[7] *Ibid.*, 1837.

estimates.[1] In 1843 the treasurer was given from January 28th, Saturday, to February 3d, Friday, to prepare the estimates.[2] Throughout this entire period the financial data presented in the estimates rarely exceeded two pages in length.[3]

After four years during which no estimates appear to have been made, either by the treasurer, or by the committee on finance, the treasurer in his report for 1848 almost apologizes for furnishing on his own initiative an estimate of revenues and expenditures for the coming year. He says that he trusts there may be "no impropriety in putting the legislature in immediate possession of all the facts that can now be obtained," though it has not been the custom for some years.[4] The estimate shows a balance of $18,000 — which may have had some influence in leading the treasurer to take so rash a step, though it must be pointed out that the preceding years had also shown surpluses.[5]

Appropriations.

During the entire period appropriations were made both by acts and resolves, by far the greater number being contained in resolves.[6] These were scattered along

[1] House Documents 1839. [2] *Ibid.*, 1843. [3] *E.g.* 1837, 1838, 1839.

[4] House Documents 1848, No. 4, page 5; Joseph Barrett elected in 1844 was the Treasurer.

[5] Governor's Inaugurals 1845, 1846 and 1847.

[6] Following the provincial custom which was undoubtedly developed to avoid the necessity of sending financial votes to England. In 1731 Belcher received instructions from England that the resolves must give way to acts in financial matters. Court Records, Vol. XV, pages 158–160.

through the sessions, a marked tendency being to crowd them through on the last day of the session. Throughout the period lump sum appropriations were the rule, except for the "Rolls" described above. There were many statutory authorizations, especially of salaries, which operated like continuing appropriations.[1]

An effort was made to safeguard money bills by requiring in the house rules that "no grant of moneys shall be made to any of the civil officers of the government or officers of Harvard College, without a time being assigned therefor";[2] "No resolution shall pass for a grant of money without being read on two several days";[3] and "No bill shall pass to be engrossed and no grant of money shall be made on Saturday or Monday."[4] An effort was also made to secure an earlier presentation of financial petitions by a resolve of 1816, which read:

> "*Resolved*, that no application or motion for any grant of money, at the next session of the General Court, be received after the third Wednesday thereof."[5]

In spite of these efforts, however, the appropriations were as chaotic at the end of the period as at the beginning.[6] In fact, a further element of confusion was intro-

[1] *E.g.* 1848, Chap. 82 Acts; Chap. 301 Res.; Chap. 14 Res.; Chap. 58 Res.; Chap. 65 Res.; Chap. 74 Res.

[2] House Rule No. I, 1808, amended 1812 by requiring one day's notice, and repealed in 1821.

[3] *Ibid.* II, 1808; later extended to all Resolves; 1839 amended to read "on three several days."

[4] *Ibid.*, III, 1808; dropped in 1809.

[5] Acts and Resolves, 1816, Chap. 49, Resolves.

[6] In 1848 there were 48 Resolves and 2 Rolls.

duced by the increasing practice of passing continuing appropriations.

Position of Legislative Committees.

The importance of the committees of the general court in the budgetary process remained unchanged. The ingrained fear of the executive and the natural desire of any group of men to hold on to effective power resisted any marked lessening of the influence of the legislature in financial matters. The bicameral system and the increase in the business and in the membership of the general court made the committee system indispensable.[1]

In addition to the committee on accounts described above,[2] the house maintained a standing committee on finance and a standing committee on the payroll. Neither of these were joint committees,[3] as was the committee on accounts.[4] The senate had no committee on finance till 1848.[5]

The leadership of the committee on accounts seems to have been unquestioned. Its rolls were accepted without amendment, though occasionally criticized by governors.[6] The committee on finance appears not to have fared quite so well. For example, in 1822 it recommended a state

[1] Membership over 700 in 1812 (Con. Con. Manual, 1917, page 26).

[2] See page 14. [3] Rules of the House, in Manuals, 1808 to 1848.

[4] Joint Rules, in Manuals, 1808 to 1848.

[5] Senate Rules, 1847 and 1848.

[6] *E.g.* Acts of 1845, page 674, Governor George N. Briggs: "The records of the Legislature show a great inequality between the sums drawn from the treasury by the different towns and counties in the State for the support of paupers, compared with their population and the number of paupers returned."

tax of $100,000 which was rejected by the house.[1] In 1829 it recommended a tax of $75,000, which was enacted in Chapter 27 of the acts of 1829.[2] In 1832 it recommended a state tax which failed, and the appointment of a committee on retrenchment which carried.[3] In 1833 it advised the diversion of the proceeds from the sale of Maine lands to current expenses which was adopted by Chapter 40.[4] In 1842 in spite of an exceedingly hot minority report, the lead of the majority was followed and no state tax was enacted.[5]

Position of the Governor.

The governor's influence seems to have increased slightly during the latter part of the period.[6] Almost every inaugural address of every governor deals with the subject of finance, after the custom handed down from provincial days. However, the advice given was seldom specific or based on detailed knowledge and was more often than not disregarded by the legislature. In fact, it is safe to say that the power of the governor depended on his personal qualities rather than upon his office.

[1] House Documents 1822; Acts of 1822.
[2] *Ibid.*, 1829.
[3] *Ibid.*, 1832; House Journal 1832.
[4] *Ibid.*, 1833, Acts of 1833.
[5] *Ibid.*, 1842, Acts of 1842.
[6] Governor Marcus Morton was peculiarly successful in his retrenchment reform. See his inaugural of 1843.

CHAPTER III

LAYING THE BUDGET FOUNDATIONS

1849 TO 1910

Creation of Auditor.

In 1849 the legislature created an auditor to be elected annually by the two branches by joint ballot.[1] He was required "to examine all accounts and demands against the Commonwealth," except for debt charges and payrolls of the council, senate and house of representatives, and to "certify the amount due on any such demand, the head of expenditure to which the same is to be charged, and the law authorizing the payment thereof, to the governor, who may draw a warrant, as provided by the Constitution." It was also provided that "No warrant shall be drawn for the payment of any account or demand, except the said payrolls, which has not been certified as above." [2]

The auditor was also required to countersign all receipts, to keep account of receipts and expenditures "under appropriate heads," [3] to make an annual audit of the treasurer's books and vouchers,[4] and finally to prepare and submit to the legislature annually at the beginning of the session a "complete statement of the public prop-

[1] Acts and Resolves 1849, Ch. 56, sec. 1.
[2] *Idem*, sec. 2. [3] *Idem*, sec. 3. [4] *Idem*, sec. 4.

erty of the Commonwealth, its debts and obligations of every kind, its revenue and expenses during the preceding year, and the balance left in the treasury at the close of such year" and "an estimate of expenses for the current year, distinguishing those which are ordinary and current from those which are extraordinary, together with an estimate of the ordinary income of the Commonwealth, and of all other means which he may be able to point out for the defraying of expenditures, and shall annex, to said statements or estimates, such representations or suggestions as he may deem necessary." [1]

That the general court really meant to turn over to the auditor the great bulk of the work with which the committee on accounts was engaged is evidenced by various resolves of 1850, which refer to the auditor personal accounts submitted to the legislature in accordance with the custom of seventy years. In 1849 it was also provided that pauper accounts should be submitted to the secretary, and by him turned over to the auditor for allowance,[2] and from this time on there were no more "Rolls." [3]

Attention must be called to the new departure made in requiring the preparation of estimates by the auditor and their submission to the general court at the beginning of each session. This is the beginning of a staff agency to gather and sift estimates for the legislature. At this time there was, of course, no sifting.

[1] Acts and Resolves 1849, Ch. 56, sec. 4. [2] *Idem*, Ch. 151.
[3] Acts and Resolves 1848, Ch. 70, Resolves, was the last.

It is interesting, in the light of present day discussion,[1] to see that the auditor was considered from the very first a part of the executive department in spite of his election by the legislature. It is specifically provided that he "shall at all times comply with any regulations, in relation to the duties of his office, not repugnant to this act, which may be transmitted to him in writing by the governor and council," [2] and that his books are to be examined and his office to be selected by the governor and council.[3] In the list of office holders published in 1849 and subsequently, the auditor is classed with the governor, lieutenant governor, council, secretary, and treasurer. The sergeant-at-arms, however, is classed with the legislature.[4]

In 1855 an amendment to the constitution made the auditor an elective official.[5] This amendment was put forward by the legislature itself and was not in any sense the result of a popular effort to separate the auditing function from the legislature. It was merely an incidental result of the wave of democratic control which swept the country.[6] There is no clearer evidence of this than in the constitutional convention of 1853, where an amendment to the constitution was drawn providing for the popular election of the secretary, treasurer, auditor

[1] F. A. Cleveland in Bureau of Municipal Research Bulletin 61.

[2] Acts and Resolves 1849, Ch. 56, Acts, sec. 7.

[3] *Idem*, sec. 5, 6.

[4] *Idem*, pages 267, 281.

[5] Constitutional Amendment, Art. XXVII, ratified May, 1855.

[6] Cf. Manual of Const. Conv. 1917, page 64, and Report of Joint Special Committee of 1852.

and attorney-general.[1] Neither in the debates of the convention nor of the committee of the whole was the auditor mentioned in discussing this amendment; in fact it was customarily referred to as the amendment dealing with the popular election of the "Secretary, Treasurer, &c." [2]

Preparation of Estimates.

The first estimates prepared by the auditor covered six pages.[3] Of these, four are devoted to revenues and expenditures. The size and content of the estimates remained about the same for the next six years. In 1856, however, the auditor's duties were substantially enlarged by a resolution providing:

> "That all expenditures by the heads of departments, boards or commissioners, and all other persons acting under the authority of the Commonwealth, shall be embraced in the annual estimates of the auditor, and be provided for by annual appropriations.[4]

As a result, the estimates of 1857 increased to twenty-three pages, twenty pages of which were explanatory material.[5] In the following year the auditor improved the document by placing the information in tabular form and especially by adding the comparative figures of the past two years. This reduced the document to

[1] Defeated by the people, as were all other suggested amendments.

[2] Journal 1853 Const. Convention, p. 419, 450; Journal of Committee of the Whole, p. 452.

[3] Auditor's Rept., 1850 House Docs.

[4] Acts and Resolves 1856, Ch. 74, Resolves.

[5] House Docs. 1857, No. 9.

but three pages, explanatory material being placed in footnotes.[1]

In 1858 a very important overhauling of the state financial system took place, affecting both estimates and appropriations.[2] An act was passed relieving the auditor of the duty of preparing estimates of expenditures and requiring,

> "Every public officer or board having charge of any department of the public service requiring an expenditure of money from the state treasury, other than the payment of salaries, to submit in writing, to the speaker of the house of representatives, on or before the fifteenth day of January, a detailed estimate of the sums, which in the judgment of such officer or board will be necessary for the maintenance of the departments severally under their charge, for the current year.[3]

As a result of this transfer of duty, the auditor's estimates during the next years relate only to revenues.[4] Beginning in 1862, the auditor again presents brief estimates of expenditures;[5] until 1870, however, the departmental estimates sent to the speaker remained unpublished. In this year they appear as a pamphlet consisting of twenty-four separate letters.[6] In this same year the auditor presents his estimate including salaries for the first time.[7] In 1872 the departmental estimates appear not to have been published.

[1] House Docs. 1858, No. 5.
[2] For discussion of appropriations see page 33.
[3] Acts and Res. 1858, Ch. 158, Acts, sec. 1.
[4] *E.g.* 1861 House Doc. 50.
[5] 1862 House Doc. 5.
[6] 1870 and 1871 House Doc. 6.
[7] 1870 House Doc. 99.

This unsatisfactory system was given up in 1872, and the secretary of state was ordered to receive the estimates, which were now to be submitted a month earlier, and to present them "in one document" to the legislature when it convened.[1]

From this time on the departmental estimates were printed each year as House Document No. 1. The first year, 1873, it contained twenty separate letters and covered twenty-one pages. A few salaries were included. The auditor continued to make his estimates in what was now regularly House Document 6. These fail to agree with House Document 1, as for example in 1873, where the auditor estimates $11,500 and the department $11,750 for the harbor commission.[2] The auditor however appears to have based his estimates roughly on the departmental requests.

In 1881, in conformity with Chapter 160 of the Laws of 1880, the estimates appeared in tabular form together with the citation of the authorizing statute and the appropriation of the previous year.[3] By Chapter 41 of the Laws of 1885, the tabulation and presentation of the departmental estimates was again entrusted to the auditor. Thus, after almost thirty years of experimentation, the general court returned to its original procedure with the important exception that the estimates were now admittedly those of the departments themselves, and not those of the auditor.[4]

[1] Acts and Res. 1872, Ch. 349 Acts.
[2] House Doc. 1873, No. 1 and No. 6.
[3] *Ibid.*, 1881, No. 1.
[4] See Acts 1858, Ch. 158, side heading.

In 1905, on the initiative of Joseph Walker, chairman of the house committee on ways and means, the beginning of the fiscal year was changed from January 1 to December 1.[1] This change was made in order that the ways and means committee might have before it in January the actual expenditures of the previous year. Until this change was made departments frequently covered up the fact that they had large unexpended balances from the previous appropriation, and based their story of needs on this previous appropriation rather than upon their expenditures.

The shifting of the fiscal year in 1905 was thus the first step in the effort to secure a more thorough revision of departmental estimates in Massachusetts. It is regarded by some as the first accomplishment of the movement that culminated in the adoption of the budget system in 1918.

A direct effort was made in 1907 to introduce some planning into the handling of departmental estimates. During the session of 1907, a minority report from the joint committee on ways and means protested against the duties imposed upon the committee and pointed out the impossibility of giving adequate consideration to the mass of unsifted departmental estimates which came to the committee at the opening of each session.[2] During the summer a recess committee attempted to work out a remedy, and in its report to the next general court stated that there should be "some board to consider these

[1] Acts of 1905, Ch. 211.

[2] 1907 House Document 1566.

financial problems in a broad way, giving due consideration to the conditions of the treasury, the probable tax levy and the policy of the commonwealth." The majority report recommended the creation of a "Board of Finance" to be composed of the lieutenant governor, the treasurer, the auditor, and the chairmen of the house and senate committees on ways and means. The powers and duties of the committee were outlined as follows:

> "The estimates of revenues and expenses should be referred to such board for its consideration and report to the legislature. . . . The board of finance should have authority to conduct of its own volition informal special investigations of expenditures and of financial methods and management." [1]

The net result of this agitation was small indeed. The committee itself was so much divided that it could exercise no constructive leadership in the legislature, and its recommendations were forgotten almost as soon as filed. This effort to systematize the estimates never reached the stage of serious consideration.

From 1905 until 1910 the other significant changes in the estimates were the inclusion of salaries [2] and of the comparative expenditures of the past three years,[3] and the separate presentation of capital outlays and such extraordinary requests.[4] In the case of estimates for buildings, trustees of institutions were required to present preliminary plans and specifications and reliable archi

[1] 1908 House Document 225. Three minority reports were filed as well as the majority report.

[2] Acts 1905, Ch. 211, sec. 6.

[3] Acts 1908, Ch. 597, sec. 5.

[4] House Doc. I, 1905 to 1910.

tects' estimates with their request for appropriations.[1] Institutions also presented a limited amount of unit cost data beginning in 1902.[2]

By the end of the period the book of departmental estimates covered over 100 pages and contained in some detail estimates for the chief running expenses of the government.[3]

Appropriations.

During the years 1848 to 1910 there were two separate periods during which an attempt was made to systematize the appropriation process. The first was in 1858 and the second in 1896.

In 1858 fundamental and revolutionary steps were taken. The very first act of the session provided:

> "No money shall be paid from the treasury of the Commonwealth at any time hereafter, except upon the warrant of the governor, drawn in accordance with some appropriation contained in some act or resolve duly passed within the same political year." [4]

Debt charges and the salaries of the governor and the judges were specifically exempted,[5] and it was provided that unexpended balances should lapse.[6]

This act, at a single sweep, abolished all continuing appropriations and made it necessary for the legislature to vote all appropriations yearly.[7] To make sure that this revolutionary move would be fully understood, the legis-

[1] Acts 1907, Ch. 520, Acts 1908, Ch. 597. [2] House Doc. I, 1902 ff.
[3] *Ibid.*, 1909. [4] Acts of 1858, Ch. 1, sec. 1. [5] *Idem*, sec. 2.
[6] *Idem*, sec. 3. [7] Cf. Acts of 1858, Ch. 96.

lature added to the maintenance bill of the year the provision that the appropriations of the bill were to be construed as repealing any previous acts or resolves making a larger grant,[1] and that:

> "All acts and parts of acts, all provisions of law whatsoever, resolves and parts of resolves, customs, traditions, usages and prescriptions, which are inconsistent with the provisions of this act (excepting only such as may be contained in the Constitution of the United States, the Constitution of the Commonwealth of Massachusetts and the first Chapter of the acts of the present year) are hereby repealed, abrogated, and annulled." [2]

In harmony with this drastic reform a single maintenance bill for 1858 was drawn and passed within a month of the convening of the legislature.[3]

This was supplemented by six appropriation measures. These provided:

1. An emergency fund for the governor and council of $10,000.[4]
2. An appropriation of the income from the school fund.[5]
3. Appropriations to meet past deficiencies, fourteen items.[6]
4. A reappropriation of $58,000 of unexpended balances.[7]
5. Appropriations to cover the expenditures authorized by resolves during the session.[8]
6. Supplementary appropriations for 1858.[9]

[1] Acts 1858, Ch. 11, sec. 6. [2] *Idem*, sec. 9. [3] *Idem*, Ch. 11.
[4] Laws of 1858, Ch. 22. None of this appropriation was used. Acts 1859, p. 484. [5] *Idem*, Ch. 96. [6] *Idem*, Ch. 131.
[7] *Idem*, Ch. 140. [8] *Idem*, Ch. 148. [9] *Idem*, Ch. 173.

It is to be noted that the last three bills were passed on May 27th, the last day of the session.

This heroic and apparently successful effort to unify the appropriation process persisted with fair success till 1863, though in 1859 nineteen separate bills were passed, fourteen of them for current maintenance.[1] Beginning in 1863, however, a custom developed of separating the maintenance bill into three or more bills providing separately for the salaries of the executive departments, the salaries of the judiciary, and the expenses for materials, supplies, etc., of the government. This division was never clean-cut, however, either inclusively or exclusively, and every attempt to group appropriations seems to have broken down.[2]

Appropriation by individual resolves, which had been discontinued in 1858,[3] became more and more common in the course of time, adding still further to the confusion. This practice was permanently discontinued, beginning with 1880. In 1879 eight appropriations were made by resolve alone.[4]

In 1872 an attempt was made to introduce some order into the chaos by requiring the ways and means committee to draft a single maintenance bill based on the departmental estimates.[5] The only result appears to have been Chapter 349, requiring the secretary to gather and publish the estimates. At any rate, the number of bills in-

[1] Laws 1859.
[2] Laws 1863, Ch. 1, 22, 31, 34, etc.; 1879, Ch. 5, 6, 7, 13, 29, 36, 77, etc.
[3] Laws 1858, Ch. 148. [4] Res. 1879, Ch. 9, 14, 20, 27, 36, 44, 46 and 50.
[5] House Doc. 1872, No. 335.

creased to twenty-one in 1884, to thirty-four in 1892, and to forty-nine in 1895.

In 1896 occurred the second effort of the period to systematize appropriations. Instead of attempting to bring all salaries together in a bill, or all "expenses," the system now adopted was that of bringing all appropriations for a given department together in a single bill.[1] This had the merit of classifying appropriations by spending units, but it resulted in the passage of a much larger number of bills, thus tending to increase the confusion. In 1896 there were ninety-nine appropriation bills, and in spite of the efforts at rigid classification, many related items are to be found in separate bills.[2]

Between 1896 and 1910 this attempted systematization gradually disintegrated, though at no time was it definitely given up.

The Authorization of Transfers.

By Chapter 549 of the Acts of 1908 the governor was authorized, with the approval of the council, to use the lump sum appropriation of the executive department as a fund from which to make transfers to supplement inadequate appropriations whenever the auditor certified to the necessity of the transfer. This act introduced into the law the first provision in Massachusetts for transfers between appropriations. At the time of the passage of this act, the emergency appropriation was increased to $100,000 annually.

[1] *E.g.* Laws 1896, Ch. 1, 3, 4, 5, etc.

[2] *Ibid.*, Ch. 25, 104, 122.

Growing Importance of Committees.

The importance of legislative committees in the budgetary process grew steadily between 1849 and 1910. The leadership of the committee on finance was confirmed by the house rule, introduced first in 1858, providing that "All bills and resolves involving an expenditure of public money, shall, after their first reading, be referred in course to the Committee on Finance, for report on their relation to the finances of the Commonwealth." [1] This provision, readopted from year to year, has by long usage become part of the structure of government in Massachusetts.

During the early part of this period, the legislature and its committees alone received the departmental estimates.[2] In 1859 Governor Nathaniel P. Banks complains: [3]

> "The legislature by statute of 1858, Chapter 158, has deprived the executive department of the power to make an exact statement of the wants of the government for the present year."

By 1879 the committees are classed with the governor and the legislature when it comes to power over appropriations. In speaking of retrenchment Governor Talbot says: [4]

> "In all matters requiring change, the final decision rests with the Legislature. The labor of investigation falls upon its committees. But the duty of recommendation is vested in the Executive."

[1] House Rules, Ch. V, 59.

[2] During the years when estimates were delivered to the speaker.

[3] Inaugural address, January 7, 1859, p. 492, Acts of 1859.

[4] Acts 1879, p. 691.

He refers also in subsequent remarks to "the lengthened hearings before the committees." [1]

The final position of the ways and means committee, which was substituted for the finance committee in 1896,[2] is a matter of current knowledge. By 1910 it is safe to say that this committee had more power over the normal course of appropriations than any other agency, the legislature and the governor included. It became the accepted agency for determining the financial policy so far as appropriations and the state tax were concerned. Its leadership prevailed except in occasional and extraordinary instances.

The Increased Leadership of the Governor.

Inconsistent as it may seem with the increased power of the committee on ways and means, the development of the influence of the governor in financial affairs during the period ending in 1910 is equally marked. The budgetary revolution of 1858 was due in part to the efforts of Governor Banks.[3] Governor Talbot led the movement of 1879 which resulted in many salary reductions,[4] and Governor Draper held a firm hand on the financial affairs of the commonwealth during his three terms. It was due partly to his influence and to the confidence he inspired that a new departure was made possible in the financial procedure of the commonwealth in 1910.

[1] Acts 1879, p. 692.
[2] House Rules 20.
[3] Acts 1858, p. 173 ff.
[4] Acts 1879, p. 690 ff., and index under salaries.

Development of Financial Control.

In 1849 the legislature turned over to the auditor the responsibility for scrutinizing all payments to insure their regularity. From this time on the committee on accounts had less and less to do, until it was finally abolished in 1869.[1] During the same period, however, the machinery of control was extensively developed. In 1858 it was specifically enacted that "no public functionary shall make any purchases or incur any liabilities in the name of the Commonwealth, for a larger amount than that which has been appropriated by law for the service or object; and it is hereby enacted and declared that the Commonwealth has no responsibility for the acts of its servants or officers, beyond the several amounts duly appropriated by law." [2] This provision together with the powers conferred upon the auditor [3] brought about a very real control of expenditures.

In order that the legislature and the public might have information concerning financial transactions, various provisions were enacted requiring financial reports. In 1859 annual financial reports were required of all officers or boards.[4] The auditor's report presented not only information with regard to revenues and expenditures, but also with regard to debts, funds, investments and balances. He was directed to include everything "that may be useful or interesting to the people of the Common-

[1] House Rules 1868, 1869.
[2] Acts 1858, Ch. 11, sec. 7; Ch. 159, sec. 13, 14.
[3] See p. 26.
[4] Laws 1859, Ch. 221.

wealth."[1] It was required that the various heads of expenditure be separated and classified by spending units and finally that "no expenditure exceeding five hundred dollars, shall be included under any indefinite head."[1] These requirements were amended occasionally as in 1867, 1884, 1905, and 1908,[2] but stood in 1910 substantially as in 1858 and 1859.

A gradual improvement in the auditor's accounts began almost as soon as Henry E. Turner took over the office. In 1902 the institutional accounts as presented by the auditor were systematized, and what previously appeared as "miscellaneous expenses" were now classified as food, clothing and material, furnishings, heat, light and power, repairs and improvements, farm, stable and grounds, and miscellaneous. With this change it became possible for the first time to present a slight amount of unit cost data.[3]

In 1908 the auditor was authorized to appoint a "Supervisor of Accounts" with power to "direct and control all the accounts in all the departments" with full authority to "prescribe, regulate and make changes in the methods of keeping and rendering accounts." It was further provided that "He shall establish in each department a proper system of accounts, which shall be uniform as far as practicable. He shall establish a proper system of accounting for stores, supplies and materials, and may provide, where he deems it necessary, for a continuing inventory thereof. He may inquire into the methods

[1] Laws 1858, Ch. 158, sec. 5.
[2] Laws 1867, Ch. 178; 1884, Ch. 207; 1905, Ch. 211; 1908, Ch. 630.
[3] Auditor's Report, 1902 ff.

of purchasing and handling such stores, supplies and materials by the departments, reporting to the auditor such changes as may in his judgment be deemed wise. He shall provide such safeguards and systems of checking as will insure, so far as possible, collection of all the revenue of the Commonwealth."[1]

With these powers, the auditor began a fundamental reform of institutional accounting which was much needed. Until 1908, for example, no state institution was audited with the exception of the Danvers State Hospital.[2] The process, however, was a slow one. In 1911 Governor Foss said:

> "In 1908 the legislature directed the state auditor to inaugurate a system of accounts for each of these several state institutions; but the investigators report that to date, no comprehensive system has been put into effect and that the lack of it is a great detriment to the state and the institutions."[3]

Without the advances that were actually made, however, the subsequent steps towards a budget would have proved almost impossible.

[1] Laws 1908, Ch. 597. This act was drafted by Mr. Turner.
[2] Statement of Supervisor of Accounts, 1917.
[3] Acts of 1911, p. 1259.

CHAPTER IV

THE GOVERNOR AND THE BUDGET

1910 TO 1918

DURING the years 1910 to 1918 events moved rapidly in the financial history of the state. There were two conscious efforts to establish a budget system and to make the governor responsible for drawing up the financial plans of the commonwealth.

I. BUDGET REFORM IN 1910 AND ITS RESULTS

The Walker Act.

In 1910, Speaker Walker, backed up by Governor Draper and a safely Republican legislature, secured the enactment of a law which, for the first time in the history of the state, drew the governor into the budgetary process. It was a revolutionary step. This act was entitled "An Act to Provide for Supervision by the Governor and Council of Expenditures and Other Financial Operations of the Commonwealth." [1] The act provided that:

1. Departmental estimates for current expenses shall be separated from estimates for capital outlays, etc., each to be published in separate documents.

2. Estimates shall be submitted to the auditor by November 15th and by him to the governor and council the first week in January.

[1] Laws of 1910, Chapter 220.

3. "The governor shall transmit the same (*i.e.* departmental estimates and estimated revenue) to the general court with such recommendations, if any, as he may deem proper."

4. In the case of special appropriations and capital outlays, the governor "shall make recommendations as to how much should be raised by the issue of bonds and how much should be paid out of current revenue."

5. Plans, estimates, and specifications of new buildings requested shall be submitted to the governor and council.

6. The auditor shall act as the staff agent of the governor and council in gathering "information with regard to revenues, expenditures and other financial operations."

7. The governor may split up the estimates and transmit them severally to the legislature or withhold items for further investigation at his discretion.

This act has the distinction of being the first law passed by any state definitely turning over to the governor the responsibility and the opportunity of drawing a budget.[1]

Governor's New Responsibility Recognized in Republican Platform.

The Republican platform of 1910 shows beyond any doubt that the leaders of the party recognized the full import of the new fiscal legislation. The platform reads, in part:

[1] The Ohio budget system, often listed as the first, was established by Senate Bill No. 227 of May 10, 1913, Laws, 1913, p. 659. See also Bulletin 91 of the Bureau of Municipal Research.

"We approve the series of acts of the legislature, passed within a few years, to improve the administration of the finances of the commonwealth, the method of making appropriations, of accounting, and especially the act of the last legislature, which placed upon the governor direct responsibility for all estimates for appropriations, and so gave to him more effective control over the expenditures of the commonwealth." [1]

The Democratic platform was entirely silent on the new budget legislation.

Democratic Governor Elected.

In the November elections the Republicans suffered an unexpected and serious defeat. Eugene N. Foss, Democrat, was elected governor by 35,000 votes. The council and the senate remained Republican, however, and after a bitter fight the Republicans elected Joseph Walker speaker and organized the house.[2] The governor himself minced no words in describing the situation as follows in his inaugural address:

"The plurality of over 35,000 which I received on clearcut issues indicated unmistakably and overwhelmingly the will of the people.

"Moreover, in the total popular vote for the lower house of our legislature a plurality of over 38,000 was registered against the return of our senior senator to the United States Senate.[3] Yet, owing to our gerrymandered districts we have today a small Republican majority; and we are confronted with the possibility of returning to the senate of the United States a man whose retirement the people thus clearly demand." [4]

[1] *Boston Transcript*, October 6, 1910, p. 3.
[2] Senate and House Journals, 1911; Laws 1911, p. 1301, 1302, 1304.
[3] Henry C. Lodge.
[4] Laws of 1911, p. 1129.

As we shall see later, this difference of political allegiance of the governor and the general court and the council had a profound effect on the subsequent evolution of the budget.

Governor Foss and the Walker Act.

Eugene N. Foss became Governor and was sworn into office on January 5, 1911. He commenced immediately to go over departmental estimates in order to submit his financial recommendations to the legislature in accordance with the Walker act. On January 11 he submitted his recommendation for the salaries and expenses of the executive and legislative departments, amounting to $496,800. These were passed without change by the legislature.[1] He followed this on January 20 with recommendations for the departments of the secretary, the treasurer, the auditor, the attorney-general, the sergeant-at-arms, the ballot law commissioner, the civil service commission, the state board of conciliation and arbitration, the controller of county accounts, the board of registration in dentistry, the district police, and the salaries of the entire judicial department, all together amounting to $1,174,958.32. The legislature proceeded to draw and pass separate bills for each of these departments as had been the custom since 1896. In almost every case the governor's recommendation was followed, though $6,800 was added to the appropriation for "incidentals" for the sergeant-at-arms,[2] while $200 was cut

[1] Chapters 1 and 2.

[2] Acts of 1911, Chap. 117.

from the "expenses" allowed the board of registration in dentistry [1] and $500 was cut from the governor's allowance to the district police for the maintenance of a patrol tug.[2]

In going over these estimates Governor Foss soon found that he needed more assistance and more power. The attorney-general, a Republican who ran ahead of all other Republicans in the fall elections, ruled that the governor had no authority to make investigations of the various departments.[3]

While this question was in the air, Speaker Walker is reported as saying:

> "My bill for the control of the state finances is doing just what I wanted it to do. It has placed the responsibility where it belongs — on the governor — and made him realize it. He is now responsible to the people.
>
> "Before the bill was passed last year there was no real responsibility anywhere. It is now 'up to' the governor. He must exercise control and be responsible for increase in expenditures and in the debt as well. If our accounting and auditing system is wrong it should be made right. The governor must investigate. He cannot evade the responsibility. If he needs assistance, he must have it. If the council does not prove an efficient body to investigate and advise (I had hoped it would), then experts must be employed to investigate, and advise the governor." [4]

Following this and the opinion of the attorney-general, Governor Foss wrote to the legislature concerning the Walker act:

[1] Acts of 1911, Chap. 66. [2] *Idem*, Chap. 112.
[3] Opinion of January 21, 1911, Acts of 1911, p. 1155.
[4] Acts of 1911, p. 1154.

"In order to pass upon any estimate for any department, board or institution, in accord with this statute, the executive should have the right to ascertain whether or not the business of that department, board or institution is being conducted on an efficient basis.

"However, Chapter 220 does not invest the executive with authority to obtain the information which is necessary for arriving at a just conclusion; and there is no law under which the executive is empowered to obtain such information, as will be seen from the appended letter from the attorney general under date of January 21, 1911, to which your attention is respectfully directed.

"I therefore ask for such authority at once . . ."[1]

Governor Authorized to Employ Experts.

On March 2, slightly over a month later, and after something of a struggle, the legislature passed Chapter 82 granting the governor the authority to employ experts "to make such investigations of any of the commissions, departments or institutions of the Commonwealth as he believes is necessary to enable him to carry out the provisions of Chapter 220 of the acts of 1910." It was provided that these experts should report in writing and that copies of their reports should be filed with the council and with the joint committee on ways and means, and that they should be paid for from the emergency fund of the governor and council.

The governor immediately set to work with his new assistants and, beginning the end of March, reported severally and independently upon the appropriations for the salaries and maintenance of the various departments

[1] Acts of 1911, p. 1155.

and institutions. The last such message was dated July 10, 1911, two weeks before the close of the session.

The Walker act provided for the separate consideration of estimates for capital outlays, or "specials," as they are called.[1] With the aid of the experts, the governor attempted to sift the $1,753,075 requested for specials and to make his recommendations. The first of these reports is dated April 10th, and the last July 10th.[2]

The Governor's Recommendations and Legislative Revision.

The results of the governor's recommendations are interesting. His recommendations for salaries and for current maintenance were, of course, largely fixed by existing state law and as a result were in the main followed by the legislature. The following are typical recommendations in cases where the state law allowed him some leeway:

> "The pending appropriation for fisheries and game [Commissioners of Fisheries and Game] is $73,285, or more than $11,000 above the cost of that department in 1910. I approve only an appropriation equal to last year's costs, and instead of spending more money, I recommend placing the department in the hands of a single commissioner or manager, with obvious economy.
>
> "The pending appropriation for the State Forester, aside from the $150,000 item for moth work [discussed in an earlier message] amounts to $30,000. Last year, aside from moth work, $27,000 was spent, and I can approve of only that

[1] Acts 1910, Chap. 220.

[2] Acts 1911, p. 1265. The session lasted 206 days and was prorogued July 28, 1911 (*Id.*, p. 1115).

amount for the present year with, however, an earnest recommendation that the legislature consider means of effective forest conservation and development, which the province of the State Forester does not include." [1]

In each of these cases the recommendation of the governor was disregarded. An appropriation of $73,285 was granted the commission on fisheries and game, and an appropriation of $30,000 to the state forester.[2]

But taken all in all, the recommendations of the governor and the actual appropriations for current expenses and salaries are in striking accord. The governor's recommendations total $12,811,326.49 [3] and the corresponding appropriations are $12,818,557.49, or but $7,231.00 higher. The total increases were slightly more, as there were a few small decreases, as has been noted.

In the field of "specials" there was a more marked difference of opinion. Governor Foss set to work with his experts to sift out the requests for land, buildings, and other capital outlays. The following are typical examples of his messages to the legislature:

"Foxborough State Hospital requests $100,000 as a special appropriation, but the investigators find that this request is not planned on an economical basis. For instance, the 'colony method' of housing patients is known to be the most economical. Yet, at Foxborough, a colony cottage is asked for, which will cost over $500 per patient; an utterly extravagant cost

[1] Special Message of June 8, 1911, Laws of 1911, p. 1232.

[2] Laws of 1911, Chap. 672, 729.

[3] This does not include a few cases in which the governor's recommendations are indefinite.

when compared with the costs of similar buildings at other institutions.

"Added to this request is an item of $17,000 to maintain two remodelled farm buildings, with 32 patients for six months of the present year, and to furnish certain supplies. Even omitting the $2500 automobile and other easily preventable expenses, this request represents a cost of $600 per capita per year to maintain each of these 32 able-bodied inebriates on a farm.

"I cannot approve this $100,000 special expense for Foxborough. It appears absolutely unreasonable, and even the ordinary running expenses of the institution are so high that I desire to see the institution entirely reorganized and put upon a sound footing.

"Boston State Hospital wants $166,875. $22,000 of this is for a nurses' home to provide for 33 nurses needed in connection with the new male infirmary. The per capita cost of this building would be $668. At Wrentham an employees' building has been built at practically one-half this per capita cost. I cannot approve this item. A cheaper style of construction would prove equally serviceable.

"A central service building to cost approximately $37,750, is wanted with other factors of a 'farm group,' making a total of $83,000.

"Mr. Harpham's detailed discussion of the plans convinces me that the whole scheme is an extravagant one. For example, although the institution now has two central heating power plants, $10,500 is wanted for a third boiler plant for this 'farm group.' There is no good reason for putting in a high priced, high pressure boiler plant merely to heat these buildings. A low pressure heater at a small fraction of the cost would do the work.

"$42,000 is wanted for a 'service building' for storage and refrigeration. Yet by remodelling the practically unused basement of the present buildings, the investigators state that a large excess of storage space can be provided above the present need.

"An expensive ice machine, to avoid the present labor of cutting ice, is equally unnecessary. Again extensive cold storage of food is not desirable in an institution so near the Boston markets. I cannot approve any detail of this special appropriation of $166,875.

"Less costly dormitories undoubtedly should be provided for and built. For reserve power a single new dynamo might be installed, or a contract made with the electric light company for power to use in an emergency if needed. The remaining items are, in my judgment, unwarranted." [1]

In each of these cases the legislature disregarded the governor's recommendation. After some consideration the Foxborough State Hospital was granted $144,000 and the Boston State Hospital $166,875. Governor Foss, however, vetoed the grants and no attempt was made to pass the resolves over his veto.[2]

The following recommendations from the message dealing with state hospitals are equally representative.[3] In each case, the action of the legislature is indicated in brackets.

"Monson State Hospital calls for $43,000 for a refrigerating plant and machine shop, a dining room and new laundry facilities. I cannot approve of these as they stand. But I call your attention to the investigators' recommendations. They suggest making increased facilities by utilizing a basement which has been finished but never put in use. . . . [Cut to $17,000 and voted, Resolves, Chap. 137.]

"I cannot approve the Northampton State Hospital's request for $46,925 for a bakery and laundry. The investigators report that a simple rearrangement of the present quarters

[1] Special Message of June 27, 1911, Laws of 1911, p. 1249.

[2] See Veto Messages of June 19 and July 24.

[3] Special Messages of June 27, 1911, Laws of 1911, p. 1251.

will provide the necessary room and leave only the new machinery to be purchased. [Voted in full, Resolves, Chap. 156.]

"I cannot approve the total of the Worcester State Asylum's request for $90,800. Instead of a new nurses' home to cost $29,000, the investigators think there is enough unused space available for present needs. [Cut to $88,400 and voted, Resolves, Chap. 149.]

"The proposed new buildings for patients are considered unnecessarily costly per capita and the plans should be revised and then resubmitted.

"Similar criticism holds for the elaborate $17,000 storage house. Here also a high priced, high pressure boiler is wanted for heating only, whereas a cheaper one, as commonly used for house heating, should be provided. I believe the $2400 requested for hydrotherapeutic treatment to be in line with modern methods and approve it. [Storage house allowed, hydrotherapeutic equipment disallowed. Resolves, Chap. 149.]

"Westborough State Hospital requests $28,480 for altering buildings, for new lands and for sewage beds. The buildings undoubtedly need complete renovation and the appropriation as a whole appears sound. It contains no extravagant demands and is approved. [Cut to $18,900; new land and sewage beds disallowed; Resolves, Chapter 128.]

"The Massachusetts School for the Feeble-Minded requests $61,688 for new buildings for nurses and patients. The nurses' building would cost $873 per person, and the building for patients $688 per person. At the Wrentham State School a more economical scale of buildings has been followed, and if the trustees of the Massachusetts School cannot do as well, I recommend that the school be enlarged no further, and all necessary additions made at Wrentham. The appropriation is not approved. [Extension to nurses' home allowed at $15,000; Resolves, Chap. 132.]

"Gardner State Colony requests $21,400 for new buildings, equipment and water supply. The principal new building

is to cost less than $300 per capita, and the remaining items are moderate. I therefore approve them all." [Allowed; Resolves, Chap. 129.]

Governor Foss vetoed four resolves authorizing appropriations in violation of his previous recommendations. None of these were even brought to a vote after the veto. In one case a part of a vetoed resolve was subsequently repassed and consented to by the governor.[1]

The total "specials" for which exact figures can be readily given are:

Departmental requests	$2,170,550
Governor Foss approved	1,186,732
Legislature voted	1,970,220
Vetoed by governor	417,475
Final appropriation	1,552,745

In other words, the recommendations of the governor were increased 23.5 per cent. In fact, a detailed study shows that the actual variation is greater than this, as a number of cuts were made in amounts allowed by the governor.[2] It is to be noted that the resolves authorizing these appropriations were signed by the governor with the exception of one.[3]

Results of Executive Participation in Appropriation Process.

The financial record of the session shows that the governor's recommendations for current expenses were, in the main, of necessity adopted by the legislature, but that his recommendations for "specials" were extensively

[1] Veto Messages of June 19, July 20, and 24th; Resolves 1911, Chap. 152.

[2] See Resolves, Chaps. 98, 104, 105, 128, 149.

[3] Acts 1911, Chap. 630, allowed to become a law without the signature of governor.

increased and that in approving these increases he followed the lead of the legislature.

As a result of this experience Governor Foss was convinced more than ever of the wisdom of the suggestion made in his inaugural address that a state board of finance should be created to investigate all departments and institutions and to go over estimates and make recommendations to the legislature. In submitting his last special message on appropriations two weeks before adjournment, he said:

> "In thus concluding the work of investigating, I call attention to the imperative need, in this state, of a central finance board. This investigation has revealed the lack of any clearly defined state policy in the spending of public funds, and the lack of any uniform standard in the management of the business affairs of the state.
>
> "It is my judgment as a business man, that these public expenditures as a whole do not return more than 50 cents of value to the taxpayers for every dollar spent.
>
> "This absurd condition is precisely what would be expected in any business house if there were no well-defined and centralized business responsibility.
>
> "In my opinion the best way to remedy this condition is to establish at once a state finance board. This board should consider the total expected annual revenues of the state, and, after mature deliberation, should estimate what percentage of these funds could be reasonably expended on each branch of the state's business.
>
> "They should also have power to investigate and report on the business methods of the various county governments and, when occasion demands, city and town governments, as I recommended in my inaugural message.
>
> "They would sit throughout the year, and act in close and

continuous coöperation with the various head officials of departments, boards, and institutions of the state.

"They should hear the opinions of such officials and consider these, not separately, as is now done by the ways and means committee, but together and in comparison. They could thus arrive at a fair distribution of the state's income.

"One of their duties would be to present to the legislature, when it convenes, their estimate of the sums needed by each division of the state's business, and this estimate should be used by the legislature as a check upon the estimates now submitted by the heads of these divisions.

"By this method, the legislature would have before it a businesslike analysis of the fiscal situation, at the start. It would be assisted in its duty of checking extravagance, and with the help of the finance board the legislature could do more in two months than it now accomplishes in six.

"Our existing law fixes upon the governor the duty of passing upon pending appropriations immediately upon his assumption of office. Thus the legislature is required to wait while the necessary survey of these expenses is made by the executive. Under the businesslike plan proposed this would be finished when the legislature convened." [1]

The Republicans, who had made the governor the initiator of financial legislation only to have the new position of power captured by the forceful and popular leader of the opposition and used for what they regarded as partisan ends, also learned a few things during the session of 1911. Every attempted disclosure of inefficiency and favoritism was a criticism of previous Republican rule. As a result the "experts" of the governor were thoroughly hated. Theirs was a thankless task at any rate, and the necessary superficiality of most of the investigations gave

[1] Special Message of July 10, 1911; Acts of 1911, p. 1265.

an opening for attack. But further than this it became clear to the Republicans that the financial powers recently given the governor and the Democrats must be restored to the legislature and the Republicans, or at least to a body of men under their control.[1] Norman H. White, a prominent Republican and chairman of the house ways and means committee, claimed that the executive was usurping the powers of the legislature.[2] Thus ended the drawn battle of 1911.

Party Platforms of 1911.

As was to be expected, the 1911 Democratic platform contained a new plank demanding "a permanent state finance commission" in accordance with the recommendations of Governor Foss.[3] The Republican platform dropped its hearty endorsement of the laws which had "placed upon the governor direct responsibility for all estimates,"[4] and taking up the defensive, maintained that "out of the futile search of our opponents has come an overwhelming vindication" of the Republican administration of departments and institutions.[5]

The Creation of the Commission on Economy and Efficiency.

Governor Foss was reëlected by a substantial majority. In his inaugural address he repeated his recommendation for the creation of a state finance board.

[1] The Boston Democrats joined the Republicans in this feeling, though with them it appears to have been solely a desire for legislative influence. (Cf. Lomasney in ways and means committee hearing on Judicature Commission bill, 1917.)

[2] Hennessy, p. 236.

[3] *Boston Transcript*, October 5, 1911, p. 6, Acts 1912, p. 952.

[4] From 1910 platform, p. 43 ante.

[5] *Boston Herald*, October 5, 1911, p. 4.

The legislature was still more Republican than its predecessor and was of course only too ready to repeal the Walker Act. The creation of a state finance board to be appointed by the governor *and council* would be a great improvement, it was said, because the council, being elected by districts, was also an entrenched Republican body.[1] Thus the governor's recommendation and the legislature's wish coincided, and as a result the Walker Act was repealed and a "Commission on Economy and Efficiency" created, consisting of the auditor, and two appointees of the governor and council. The governor was to designate the chairman, and provision was made for a secretary and the necessary clerical force.[2]

Estimates to Auditor.

The new law required every officer or board having charge of any department, institution, or undertaking which received an annual appropriation of money from the state treasury to submit to the auditor, on or before

[1] In vetoing the bill providing for salary increases for the members of the council during the previous session, Governor Foss had paid his respects to that body in these words:

"The Council was created in conformity with European and Colonial precedents to advise the chief executive upon state matters, but, as an institution, it is not in keeping with our democratic form of government.

"The Council possesses no working organization for the conduct of any productive public work; and is not vested with any constitutional power to initiate any public service. It is an auxiliary to the executive and for this reason it may be urged that the Council furnishes a check upon the acts of a chief executive moved by political motives. But if so, it is true that the Council must equally thwart the will of that majority of the people by whom the governor is elected." (Veto message of May 18, 1912, Acts of 1912, p. 1065.)

[2] Acts 1912, Ch. 719.

November 15 of each year, statements showing in detail the amounts appropriated for the current fiscal year; estimates of the amounts required for the coming fiscal year for ordinary running expenses, with an explanation of the reason for any increase and with citations of statutes relating thereto; and the expenditures for the current year and also for the two preceding years.

Officers, heads of departments, boards, and commissions, and trustees of institutions who recommended appropriations from the state treasury for special purposes were required to submit detailed estimates to the auditor on or before November 15 of each year.

Estimates of Expenditures and Revenues to Governor, Commission, and Legislature.

The auditor was required to prepare two documents; one an estimate for ordinary running expenses, the other for special purposes. These he was required, on or before December 15, to submit to the governor-elect and to the commission on economy and efficiency; and on or before the first Thursday in January, to transmit printed copies to the legislature.

Form and Content of Estimates.

The estimates for ordinary requirements were to include: the estimates proper, together with a statement of the general appropriations for each unit of organization and the expenditures thereof for the preceding fiscal year, and the unexpended balance as of the preceding

November 30; also the statements received from the heads of the various organization units, together with the auditor's estimate for the ensuing fiscal year of the ordinary and other revenue of the state.

The estimates for special purposes were required to be classified by the auditor.

Examination of Estimates by Commission.

In neither case was the auditor authorized to revise estimates. The commission on economy and efficiency, however, was required to examine the auditor's statements and report thereon to the legislature on the day that the auditor submitted his tabulations to the legislature, and at such other times as it might see fit, "together with such facts, suggestions or recommendations as to any or all of the appropriations requested or the method of raising money for the same as it may deem expedient."

Investigation and Reports.

Various provisions of the law related to the investigating work of the commission, which was authorized to require the attendance of witnesses and to examine accounts and documents. It was authorized to make special examinations of the management or finances of any department, institution, or undertaking receiving an annual appropriation, and to report thereon from time to time to the governor and council and to the legislature if in session. Upon request of either branch of the legis-

lature, of the ways and means committee of either house, of the governor, or of the finance committee of the council the commission was required to make a special examination, and also to give any information in its possession.

Furthermore, the commission was required to inquire into the laws governing financial procedure, to consider the possibility of promoting economy and efficiency by changes in the law, organization, or procedure, and "by the substitution of the budget method of appropriating money," and to report on these matters from time to time to the governor and council and to the legislature if in session.

A general report was also required to be made to the governor and council and to the legislature in January of each year, with drafts of bills for any suggested legislation.[1]

Governor Eliminated from Appropriation Process.

This new act deprived the governor of the right to investigate departments, to hire experts and to initiate a budget. That this was intentional and was the result of political friction was recognized in the constitutional convention of 1917, where the creation of the commission on economy and efficiency was mentioned as a case in which the legislature "put it over" the governor.[2]

Personnel of the Commission.

The commission on economy and efficiency was first composed of John N. Cole, chairman, and Francis X.

[1] Acts 1912, Ch. 719.

[2] Convention Debates, 2d Session, Vol. 108, p. 9. See page 145.

Tyrrell, with John E. White, auditor and member ex officio.[1] Mr. Tyrrell became chairman in 1914 on the resignation of Mr. Cole, and Thomas W. White was added. In the same year the organization of the commission was changed by dropping the auditor and adding a third appointive member.[2] This position was filled by Russell A. Wood until 1916 when Charles F. W. Archer was appointed. All of these appointees, with one exception, were good Republicans — an evidence of the success of the attempt made by the legislature to cut down the investigatory and financial power of the governor by turning these powers over to a commission appointed by the governor *and council*. The single exception was Mr. Tyrrell, who gained control of the commission in 1914.

Supervisor of Administration Replaces Commission.

The work of the economy and efficiency commission under the chairmanship of Mr. Tyrrell was far from "satisfactory" to the dominant party in the legislature. This, and the fact that the Republicans had regained the governorship through the election of Samuel W. McCall, brought about and made possible the transfer of the powers of the commission to "safer" hands. As a result the commission was summarily abolished in 1916 and its powers transferred to the new department of the supervisor of administration.[3] In making this trans-

[1] Mr. White was the nominee of the Republican caucus elected by the legislature to fill the vacancy created by the death of Auditor Turner in 1911. Hennessy, p. 260.

[2] Acts of 1914, Ch. 698.

[3] *Ibid.*, Ch. 296.

fer, the former powers of the commission were still further reduced. The supervisor was authorized to make investigations and recommendations on estimates only on the request of the legislature, the ways and means committees, the governor, the council, or the finance committee of the council. The power of the supervisor to compel the production of books and the attendance of witnesses was similarly limited to authorized investigations.

Charles E. Burbank, a progressive Republican who had been prominent in the reuniting of Progressives and Republicans for the McCall ticket was appointed supervisor of administration. Thomas W. White and Ernest H. Maling were appointed deputies and Charles F. W. Archer secretary. Mr. Maling resigned later in the year, and early in 1917 Mr. Carl A. Raymond, who had been in the auditor's office for many years, took his place. Following the death of Mr. Burbank, Mr. White became supervisor, and Mr. Raymond first deputy.[1]

Ultimate Result of Walker Act.

In 1910 the effort was made in the Walker Act to place responsibility with the governor for sifting the estimates and recommending a financial plan for the government. This proved so "unsatisfactory" to the legislature under the administration of an opposition governor that it was given up and the powers transferred to the commission on economy and efficiency. This commission fell into "unsafe" hands and was abolished. The attempt in

[1] The position of second deputy had not been filled in March, 1920.

1910 to make the governor responsible for financial measures thus ended by leaving him in precisely the same position he had previously occupied. The only concrete result was the development of an efficient staff agency, the department of the supervisor of administration.

Development of Control over Expenditures.

During the period 1910 to 1918 certain important steps were taken in developing the administrative control of departmental and institutional expenditures. The creation of the department of the supervisor of administration, with its broad investigatory powers, laid the foundations of a supervisory agency. Among his other duties, the supervisor was authorized to edit all annual and special departmental reports in order to prevent unnecessary printing. This placed under his control approximately one-third of the state's printing.[1]

During 1916 also, the control of state insane asylums, which were spending three to four million dollars annually, was taken from the various boards of trustees and entrusted to a commission on mental disease composed of a single executive and administrative head and an advisory commission.[2]

A further act of 1916 provides:

> "Without the consent and approval of the governor and council it shall be unlawful for any head of a department or other officer of the commonwealth to increase the salary of any employee under his direction who is receiving an annual salary of one thousand dollars or more, notwithstanding any act heretofore passed authorizing such an increase." [3]

[1] Acts of 1916, Ch. 296. [2] *Ibid.*, Ch. 285. [3] *Ibid.*, Ch. 2.

The powers vested in the governor and council by this act were exceedingly important. As there were no salary standards up to 1919, the governor and council were given a very real control over salary increases and by this means over appointments and departmental administration.[1] The lack of any policy and the inability or refusal to handle the work scientifically, however, resulted in its degeneration into a personal and political engine rather than one of constructive reform. Occasionally salary increase questions were referred to the supervisor of administration, though his advice was not at all times followed.

The actual amount of control exercised over departmental expenditures by the governor and council under this power as well as under the powers inherited from the earliest days was slight indeed. The supervisor's control over printing was effective and efficient, but it did not extend far.[2] The work of the director of the commission on mental diseases was also markedly successful. Except for these elements of partial supervision, the only administrative control of expenditures was that of the auditor, whose sole interest lay in the conformity of expenditures to appropriations.

II. Budget Reform in 1917

The failure of the initial attempt to make the governor responsible for state finances delayed and made much more difficult the course of budget reform. Those who

[1] Cf. Economy and Efficiency Commission report, "Red Book," p. 31, "The effect of this authority is practically to control appointments."

[2] Cf. 1919 Public Document 119, p. 18 ff.

were genuinely interested in reform, however, realized the causes of the failure and set about to secure a fair trial of the budget system.

Report of Economy and Efficiency Commission.

Late in the legislative session of 1916, the commission on economy and efficiency issued a "Report on Budget Procedure" [1] in which appeared the following "Findings" and "Recommendations":

Summary of Findings

The principal disadvantages in the present procedure which this report seeks to improve are the following:

1. Tabulation of estimates:
   a. No complete tabulation of estimates and requests for appropriations is now made.
   b. The present tabulations (House Documents No. 1 and No. 2) are necessarily incomplete because of the many requests for appropriations filed directly with the legislature.
   c. The present tabulations contain no information concerning requests for expenditures to be met from loans, and no provision is made for compiling such requests.
2. Review and adjustment of estimates:
   a. The estimates cannot be studied in the aggregate so as to consider the relative importance of the many estimates, neither can they be considered in relation to the available revenue.
   b. The estimates for any individual department or project as given in House Documents No. 1 or No. 2 cannot be considered with the assurance that they are the complete or total estimates for that department or project.

[1] 1916 House Doc. 2288, May 27, 1916.

c. No plan for financing the state is now prepared in advance of the granting of appropriations and of authorizing loans.

d. The governor has no part in the consideration of estimates, and is given no facilities for investigating them or for taking such part in the financing of the commonwealth as the chief executive should take. The governor's action is now negative, being restricted to the veto of appropriation bills which are passed from time to time throughout the whole legislative session (136 such bills were enacted in 1915).

3. Preparation and enactment of appropriation bills:

a. An unnecessarily large number of appropriation bills is now enacted, with the result that the time of the legislature is wasted. Moreover, difficulty is now encountered in ascertaining from the statutes the total amount appropriated for the current expenses of some of the departments.

b. The present method of enacting appropriation bills is unsystematic.

4. Form of appropriation bills:

a. In drafting appropriation acts little or no consideration has been given to the effect which the form of the act may have upon departmental administration. As a result, the acts for some small appropriations now contain an unnecessarily large amount of detail, while some large appropriations are granted in lump sums.

b. No standards for the drafting of appropriation acts have been adopted, with the result that items for a single department may be arranged on two or more bases which are inconsistent, thus causing confusion as to the amount authorized for different purposes and objects.

Summary of Recommendations

For the purpose of making such improvements in the methods of granting appropriations as may be effected

without amendment of the Constitution, and without change in the fiscal year, the Commission on Economy and Efficiency submits the following recommendations:

1. That the Legislature require all bills, resolves and petitions for appropriations and bond issues to be filed with the clerk of the House of Representatives not later than 5 P.M. on the fourth Wednesday preceding the convening of the Legislature, and that any such bill, resolve or petition filed subsequent to that time be referred to the next General Court.

2. That provisions be made for the Commission on Economy and Efficiency acting for the Governor to prepare complete tabulations of all estimates and requests, and for that commission to investigate and report to the Governor concerning all estimates and requests.

3. That the Governor submit to the General Court not later than the first Monday in February a budget containing all estimates and requests, with his recommendations as to the amounts which should be granted and the amounts which in his opinion should be raised by a State tax and by loans, if any.

4. That a single appropriation bill be enacted for each department's expenses of administration, operation and maintenance.

5. That, so far as practicable, appropriation bills be reported and enacted in the order followed in presenting the estimates in the Governor's budget.

6. That definite "budget days" be designated by the General Court for consideration of appropriation bills.

7. That appropriation acts be drawn in such form and detail as will afford an effective control over the expenditure of appropriations.

8. That definite standards be followed in the drafting of appropriation bills so as to insure a consistent and effective system for the granting of appropriations.

Report on Revenues and Loans.

During the same session the commission reported on the administration of state revenues and loans.[1] The report pointed out that over $5,000,000 [2] was annually expended from special funds without annual appropriation and said: "So long as large amounts of revenue are expended without appropriation, as at present, no genuine budget procedure can be put in force. When all expenditures for state activities are brought within the scope of appropriation acts the first step towards budget reform will be taken." [3]

Chamber of Commerce Report.

During 1916 the Boston Chamber of Commerce also took an interest in budget reform. It appointed a special committee on the state budget which reported late in November.[4] This report endorsed the recommendations of the commission on economy and efficiency. In place of the sifting of estimates by the commission on economy and efficiency, which had now been abolished, the report recommended the establishment of a new "budget commission" composed of the supervisor of administration and the two chairmen of the house and senate ways and means committees.[5] This budget commission was to draw the budget, the governor to present it to the legis-

[1] 1916 House Document 2225, April 29, 1916.

[2] *Ibid.*, pp. 35, 65.

[3] *Ibid.*, pp. 7, 8.

[4] November 24, 1916. The committee was: Roland W. Boyden, Charles J. Bullock, and Robert Luce.

[5] "State Budget System," p. 6.

lature with his recommendations, and the legislature to revise it up or down at its discretion.

Though the committee felt that the power to veto items in appropriation bills had "no necessary connection with the budget system," a constitutional amendment granting this power to the governor was endorsed.[1]

The Legislature and Budget Reform.

Considerable unfair criticism has been directed at the legislature of 1916 for not taking action on the budget recommendations of the commission on economy and efficiency.[2] As a matter of fact, these recommendations were received so late in the session that the cause of reform would only have been jeopardized by any attempt to suspend rules and force consideration. The legislature and the state as a whole were but slightly educated on the budget question in 1916.

In 1917, however, the reports on the administration of funds and on the budget were taken from the files and referred to the joint committee on ways and means, together with a bill embodying the Boston Chamber of Commerce recommendations.[3] When the current financial business had been disposed of, five hearings and several executive sessions were held, and a bill reported which brought under legislative control, through the requirement of annual appropriations, revenues of special funds previously expended under standing laws and without

[1] "State Budget System," p. 8.

[2] *E.g.* Journal of Committee on Finance of 1917, Constitutional Convention.

[3] 1917 Senate Document 88, submitted by Senator Malcolm E. Nichols.

specific appropriation, amounting to more than $5,000,000 annually. This bill was passed and approved by the governor as Chapter 277 of the General Acts of 1917. This act in itself, and in the principle which it laid down, represented the most important single advance in the financial administration of Massachusetts since 1910.[1] It was what the commission on economy and efficiency had termed the indispensable "first step towards budget reform." [2]

The pressure of legislative business, the wide differences of opinion among members of the ways and means committee, and the general apathy of the state as a whole on the budget question made it impossible to reach any decision with regard to the broader question of the budget. It was therefore decided to turn the entire question over to a recess committee, a decision in which the friends of the budget and the friends of recess committees *per se* concurred.

In order that this committee might have time to examine the departmental estimates and to prepare a tentative budget for 1918, a bill was introduced and passed requiring the submission of the estimates on October 15th, a month earlier than had been the custom.[3]

[1] 1918 House Document, No. 1185, page 22.
[2] 1916 House Document, No. 2225, page 8.
[3] Acts of 1917, Chapter 278, General.

CHAPTER V

THE JOINT SPECIAL COMMITTEE ON FINANCE AND BUDGET PROCEDURE

THE joint special committee on finance and budget procedure was created to "investigate and report on any and all changes which they may deem necessary for the better, more economical and more efficient administration of the financial affairs of the commonwealth," and to "concern itself especially with a study of budget procedure." It was provided specifically that the committee "shall also consider the estimates calling for maintenance and special appropriations of the departments, boards, commissions and institutions of the commonwealth; and it may present in its report a preliminary budget or financial scheme for the fiscal year commencing December first, nineteen hundred and seventeen." [1]

Composition of Committee.

The committee was composed of three senators appointed by the president of the senate and six representatives appointed by the speaker. The legislators selected were men of long legislative experience, all of whom had taken a part, more or less prominent, in financial affairs while in the legislature, and seven of whom

[1] House Journal 1917, p. 1143.

were members of the ways and means committees during the preceding session. The committee was thoroughly representative; it contained leaders of the older as well as of the newer type; it reflected the viewpoints, the desires, and the fears of the chief varieties of political opinion represented in present-day state government. The committee was thus in a position to work out a plan that would be acceptable to the various groups of the legislature. It was also linked with the finance committee of the constitutional convention through Mr. Collins, who served on both committees.

The members of the joint special committee on finance and budget procedure were as follows: Senators James W. Bean, of Cambridge; Walter E. McLane, of Fall River; Malcolm E. Nichols, of Boston; and Representatives Joseph E. Warner, of Taunton; Samuel I. Collins, of Amesbury; Benjamin Loring Young, of Weston; Harrison H. Atwood, of Boston; William F. French, of Haverhill; and John H. McAllister, of Lee.

In addition to the duties of the committee with regard to the budget, it was required to investigate and report on fees and funds, and on the reorganization of the executive department by the consolidation and abolition of commissions, boards and bureaus.[1] The committee followed this natural division of the work and established three subcommittees, one on the budget, one on fees and funds, and one on consolidation of commissions.[2]

[1] House Journal 1917, p. 1144.
[2] House Document 1918, No. 1185, p. 9.

Subcommittee on the Budget.

The subcommittee on the budget, with which we are alone concerned here, was composed of Senator Bean, and Representatives Warner and Young. It contained peculiarly able, progressive, and respected men, who not only knew the practical problems of government in Massachusetts and the balance of interests in the state house, but also the general trend of current thought on budget questions.

This subcommittee had two main tasks, first, to prepare a budget for 1918, and second, to draw up a statute providing for a budget system for the future. As was natural, the thinking and the work on the two matters went on contemporaneously in part. For the sake of clarity, however, the progress of the committee in the two fields will be discussed separately.

I. Preparation of the Budget for 1918

Staff Assistance of Supervisor.

The subcommittee on the budget began its work by going over the "P.B.L's.," as the recurrent annual expenditures "provided by law" are termed. This consideration was continued till November 8th, when the departmental estimates demanded the entire time of the committee.[1]

On October 3d, the main committee unanimously voted:

[1] Journal of Subcommittee on the Budget, p. 8.

> "That the Supervisor of Administration be requested to prepare for this Committee a report on all requests from the officers, heads of departments, boards, commissions and trustees of institutions for appropriations by the General Court in the fiscal year 1918, both for maintenance and for special purposes or objects, and to include all material published in House Documents I and II, and such other estimates as should be included therein." [1]

This action was taken after some discussion and as the result of the decision of the subcommittee on the budget that the best argument before the legislature for a budget would be to prepare a budget and let the legislature see how it looked and how really "safe" it was. Both Mr. Young and Mr. Warner also argued that after the committee had prepared a budget, it would be in a better position to know what kind of a statute to draw providing for the preparation of budgets for the future.

In accordance with this request Mr. Carl A. Raymond, the second deputy in the office of the supervisor of administration, set to work as soon as the estimates were received to sift them over and to draw up the rock bottom needs of the departments and institutions for the coming fiscal year. In arriving at these figures Mr. Raymond held informal conferences with the heads of all important departments, and in a majority of cases revisions were made with the cooperation and approval of the departments concerned.

[1] Journal of Joint Special Committee on Finance and Budget Procedure, p. 16.

Institutional Visits.

In order to be in a better position to consider the institutional requests for capital outlays and extraordinary repairs, the subcommittee spent a part of its time during October and November visiting the institutions which had requested special appropriations.[1] Before making each trip the estimates of the institutions to be visited were gone over and excerpts made of items deserving special inquiry. Whenever institutions were visited which were under the supervision of the commission on mental diseases, Dr. George M. Kline, the director, accompanied the committee.

Beginning on November 8th,[2] and continuing through December,[3] Mr. Raymond submitted the results of his work to the subcommittee from time to time. In almost all cases the revisions arrived at by Mr. Raymond were adopted.

Conferences.

Formal conferences were had with the adjutant-general, the state guard, the highway commission, the state board of agriculture, the commission on waterways and public lands, the trustees of the Norfolk State Hospital, the board of medical examiners, and the state board of charities in order to work over estimates and questions of

[1] 1917 House Document 1185, p. 9. The entire committee was invited to join the subcommittee on these trips.

[2] Journal of Subcommittee on Budget, p. 8.

[3] Journal of Joint Special Committee, p. 29.

reorganization.[1] These were in addition to conferences held previously by the supervisor's office, and were made necessary because of the peculiarly difficult problems which the committee was called upon to settle in drawing its recommendations for these departments.

Budget Policy.

During its work the committee had occasion to settle two very important questions concerning the form and content of its tentative budget. Late in September Senator Nichols raised the entire question of private members' bills and petitions carrying charges on the treasury and suggested that "the committee make some attempt through advertising to bring together before the convening of the general court all private petitions and bills involving any expense to the commonwealth." [2]

The following draft of such an advertisement was presented for discussion by the secretary:

"The Commonwealth of Massachusetts
Joint Special Committee on Finance and Budget Procedure

Room 435, State House

Appointed under Joint Order of the two branches of the General Court on May 25, 1917.

The Joint Special Committee on Finance and Budget Procedure, appointed to prepare a budget for the fiscal year beginning December 1, 1917 hereby requests all persons who are

[1] In the case of the Norfolk State Hospital, following the conference, the trustees prepared a radically revised estimate. In other cases, revisions were made by the subcommittee itself.

[2] Journal of Joint Special Committee on Finance and Budget, p. 12.

planning to lay before the next General Court petitions and bills involving any expense to the Commonwealth to submit the same to this Committee by Dec. 1st, 1917, in order that all requests may be included in the complete plan for financing the Commonwealth for the coming year.

JAMES W. BEAN, *Chairman*,
JOSEPH E. WARNER, *House Chairman*."

After considerable debate, it was voted, on motion of Mr. Young:

"That instead of advertising, the committee notify through the mail all legislators elect, all towns and cities through their duly constituted authorities, and publish in the *Boston Advertiser* alone an advertisement similar to that prepared by the secretary." [1]

But on further consideration and extended debate, the entire matter was laid on the table on motion of Mr. Young.

It was the final judgment of the committee that any attempt to gather in the private bills and petitions in this way would be unsuccessful and that any recommendations would necessarily be superficial and even if thorough would be misunderstood and resented.

The second important decision was with regard to the inclusion of recommendations for the debt service and for capital outlays in the budget. It was pointed out that the newspapers, the legislature, and the public in general overlooked these items and therefore had an idea that the commonwealth was spending in all about $20,000,000 a year, and that if the committee included every-

[1] Journal Joint Special Committee on Finance and Budget Procedure, p. 13.

thing in its budget the total would amount to $10,000,000 more, merely because of these inclusions. The subcommittee decided that the only thing to do was to make a clean breast of the entire affair, to include everything in the budget that belonged there and to explain to all critics that the seemingly large increase was due in the main to the confusing financial system of the past.[1]

The Subcommittee's Budget.

On December 31st, the subcommittee submitted its preliminary budget and a maintenance bill for the coming year to the full committee. A discussion of well over an hour followed, almost entirely concerning the appropriation for the state guard. Mr. French, who was already slated for house chairman of the committee on military affairs of the next legislature, stated that he was ready to fight in the legislature for a material reduction of the appropriation demanded by the adjutant-general. As this coincided with the judgment of the other members, it was decided to cut the recommended appropriation to $350,000 in spite of the political dynamite contained in the item. The committee then voted unanimously:[2]

> "That the Table of Estimates, Cuts and Recommendations, as prepared by the Subcommittee on the budget, be approved as reported with a single change to be incorporated in the Budget statement, with reference to the recommendation for the State Guard."

[1] Journal of Subcommittee on the Budget, p. 19.

[2] Journal Joint Special Committee on Finance and Budget Procedure, p. 25.

On motion of Mr. French, it was also voted:

> "That the General Appropriation Bill, providing for the maintenance of the Government of the Commonwealth, reported by the Subcommittee on the budget, be approved as reported."

Budget Submitted to Legislature.

On January 2, 1918, the budget was reread, and after a few verbal changes in the explanatory statement it was unanimously approved, signed and delivered to the clerk of the house of representatives for submission to the legislature. Copies were prepared for the press and distributed late in the afternoon. This ended the labors of the recess committee in the preparation of the first budget of the state of Massachusetts. It had received estimates amounting to $36,064,918.16,[1] exceeding by many millions the largest total which any preceding legislature had ever been called upon to consider.

As a result of hearings, interviews, first-hand visits to institutions, committee discussions and Mr. Raymond's work, $4,903,593.92 was cut from the departmental requests, and appropriations amounting to $31,161,324.24 were finally recommended.[2] On the revenue side the committee recommended a state tax of $11,000,000[3] and appealed strenuously against the issuance of bonds.[4]

The following table shows the cuts in departmental estimates made by the committee in preparing the tentative budget of 1918:

[1] 1918 House Document 17, pp. 13, 23, 65.
[2] *Ibid.*, p. 13.
[3] *Ibid.*, p. 17.
[4] *Ibid.*, p. 9.

THE ESTIMATES AND THE BUDGET, 1918[1]

	Departmental Estimates	Budget Recommendation	Reduction	
			Amount	Per Cent of Estimates
Maintenance .	$ 27,092,806.82	$ 25,568,490.35	$ 1,524,316.47	5.6
Capital outlays	5,222,111.34	1,842,833.89	3,379,277.45	64.7
Interest . . .	3,700,000.00	3,700,000.00	0	0
Deficiency . .	50,000.00	50,000.00	0	0
Total . . .	$ 36,064,918.16	$ 31,161,324.24	$ 4,903,593.92	13.5

The Massachusetts Budget of 1918.

The budget submitted to the general court on January 2, 1918, is a statement of twelve pages. It appeared as House Document No. 17, together with some fifty pages of supporting details and drafts of appropriation and other bills to carry out the recommendations of the budget.

The budget is divided into two sections, dealing with expenditures and with revenues. The section on expenditures discusses in order —

1. Maintenance of established departments and institutions.
2. Deficiencies.
3. Debt service.
4. War emergency.
5. Capital outlay (Institutions, Rivers, Harbors, and Highways).

[1] 1918 House Documents 17.

The section on revenues deals with —

1. Free cash on hand.
2. "Ordinary" revenue.
3. "Other" revenue.[1]
4. State tax.

In addition to explanatory text, the budget contains five important summary tables. These present:

1. A statement of the departmental estimates, the budget recommendations of the committee, and the comparative appropriation for the previous year, for the main governmental services classified in fifteen groups.

2. A summary of treasury transactions for the previous fiscal year, excluding only trust funds, deposits, sinking funds and metropolitan district funds.

3. Estimated "ordinary" revenue for the coming year compared with actual receipts for the past two years, classified by 23 sources.

4. Estimates of "other" revenue for the coming year compared with actual receipts for the past year, classified by 20 sources.

5. A balance sheet as of the close of the coming year.

This last table deserves special attention. Title and all it was as follows:

[1] Composed of revenues which since December 1, 1917, have been paid into the general fund as ordinary revenue in accordance with Ch. 277 of the General Acts of 1917. A separate classification was made merely for purposes of comparison with previous years. (1918 House Doc. 17, p. 16.)

SUMMARY OF BUDGET

Summary of the Plan for Financing the Activities of the Commonwealth for the Fiscal Year 1918

Estimated		*Estimated*	
Free cash on hand Dec. 1, 1917, say	$2,000,000.00	Expenditures to be made for —	
Estimated revenue from —		Maintenance	$23,898,490.35
Ordinary revenue (compared with previous years)	12,627,200.00	Deficiencies	50,000.00
Other revenues	5,426,800.00	Funded debt obligations	1,600,000.00
State tax	11,000,000.00	Interest	2,100,000.00
Bond issues		War emergency	870,000.00
Accumulated funds derived from income of State property, etc., under control of the Commission on Waterways and Public Lands	400,000.00	Capital outlays for public works, construction, improvements, etc.	1,842,833.89
		Maintenance of industries of certain institutions	800,000.00
		Overlay	292,675.00
Total	$31,454,000.00	Total	$31,454,000.00

Supporting Details.

The second section of House Document No. 17 contained first of all a tabular presentation of the maintenance estimates filed by the 132 spending units, the budget recommendations of the committee, and the difference between the two. Comparative data on past expenditures appeared in House Document No. 1, together with the detailed requests of the departments.

This tabulation was followed by a single maintenance appropriation bill embodying the recommendations of the committee. It was deemed advisable to draw up such a bill in order to overcome the long-standing habit

of preparing a hundred or more separate bills and in order to show in concrete form the advantage of expressing the appropriation in semi-tabular form with figures instead of close text with spelled out numbers. In both of these efforts the committee was successful, as will be seen by reference to the bill finally passed.[1] The committee's bill covered 36 pages and contained 502 items amounting in all to $24,496,990.35. The total for each spending unit was added up as a basis of comparison with the preceding tabular summary and House Document 1. It is to be noted especially that the bill contained the annual appropriations for the legislature and the judiciary along with all other state departments.

The next statement presented in tabular form the estimates for capital outlays and special improvements, together with the committee's recommendations. These covered five pages and were classified by the 28 spending units which had filed such estimates. The recommendations of the committee on capital outlays were included in the budget,[2] but not in the general appropriation bill, inasmuch as there was no legal authorization as yet for these appropriations.[3]

The final pages of House Document 17 contain the drafts of five bills, the passage of which was imperative before the enactment of the general appropriation bill. These were:

[1] Ch. 106, Sp. Acts, 1918. [2] See "Budget Summary" on page 82.

[3] The general appropriation bill contained over $500,000 for capital outlay for highways, harbors and forest lands in accordance with existing authorizations. (House Doc. 17, pp. 12 and 13.)

1. An act authorizing the payment of salaries and traveling expenses of members of the legislature in anticipation of appropriations. (This act was recommended in order that there might be no effort in the legislature to tear apart the general appropriation bill, by the immediate passage of that section dealing with members' salaries and expenses.)

2. An act repealing a section of the revised code fixing the "expenses" of the executive department and substituting for it the provision that the amount was to be determined by annual appropriation. (The amount fixed by law was clearly insufficient. It had forced a roundabout method of evasion which the committee felt should be eliminated by allowing an adequate appropriation in the budget.)

3. An act to discontinue the newspaper publication of the general laws. (The budget recommended no appropriation for this publication.)

4. An act to discontinue the purchase of historic town records of births, marriages and deaths. (The budget recommended no appropriation for these purchases.)

5. An act relative to the preparation of the indices and of the table of changes in the general laws. (This act shifted certain clerical duties and functions in accordance with the budget recommendation.)

II. Providing for a Budget System

The second main task before the subcommittee on the budget was to work out the details of a bill to establish the budget system in Massachusetts.

Budget Views of Committee Members.

In spite of the long continued agitation for budget reform there was no consensus of opinion in the state on details. The joint special committee itself represented all types of opinion on the budget, some members going so far as to oppose during the earlier discussions any change whatsoever. A clear majority were at first against any increase of the governor's powers and therefore opposed allowing him to draw up a budget. Even in the subcommittee on the budget there was a decided difference of opinion. This was brought out clearly early in July when its members appeared, on invitation, before the "Committee on State Finance" of the constitutional convention, which was at the time working over the budget proposals submitted to the convention. The testimony of Messrs. Young, Warner and Bean at this time is significant as indicating their views before the subcommittee entered upon a thorough discussion of the budget.

Mr. Young argued for a constitutional amendment requiring the submission of a budget by the governor, allowing revision by the legislature either by increasing or decreasing items, and granting the governor the power to veto or decrease items. On the specific question of increase of items by the legislature he said: "The power to increase should be left with the legislature. This power will not be abused because it will have to overcome the prestige which will attach to a measure recommended by the governor." [1] Mr. Young favored a broad

[1] Journal of Committee on Finance, p. 10.

amendment which would leave all details to be determined by the legislature, even with regard to a limitation on the passage of private bills and resolves carrying charges on the public treasury.[1]

Mr. Warner agreed with Mr. Young "absolutely," as he put it, though there were many matters concerning which he had arrived at no definite conclusion. It was his opinion that if a restriction on private bills proved necessary, it should be imposed by the legislature itself, as in England, and not by a constitutional amendment. Mr. Warner was convinced that a restriction would not prove indispensable to a budget, for "the power to increase items will not be abused — it will not even be used except for good cause shown." [2]

Senator Bean said: "I am not in favor of an executive budget. We tried it in 1911 and the only result was a failure. It stirred up hard feeling between the legislature and the governor and dragged the session on through the summer. I am in favor of a recess committee of the two houses on ways and means to look over requests for appropriations, to follow up the expenditures, and to make recommendations to the incoming ways and means committee. This method would get the best results." [3]

On the question of special bills, Mr. Bean believed that the adverse report of the ways and means committee

[1] Journal of Committee on Finance, p. 14. [2] *Ibid.*, p. 11.

[3] *Ibid.*, p. 14. Mr. Tyrrell of the Commission of Economy and Efficiency, who was present, denied that an adequate trial was given the executive budget in 1911, since there was at the time no adequate staff agency to assist the governor.

would be a more powerful deterrent than any provision requiring an unusual vote in the legislature. He pointed out that time honored custom, and the constitution, had made "the right of private petition sacred," and that its restriction by prohibiting financial measures not in the budget would be foreign to the traditions of Massachusetts.

The testimony of these three men is interesting as an indication of the point which the members of the committee had reached in their thinking on the budget before they undertook the specific task of preparing a budget statute for the commonwealth.

Little Discussion of Budget Problems till December.

At the time the committee on finance of the constitutional convention made its report, an informal exchange of views among members of the recess committee showed considerable opposition to the preparation of the budget by the governor and especially to the proposition that he be allowed to defend his budget on the floor of the legislature. Even Mr. Collins, who as member of the committee of the convention had not voted against the proposition, joined in the criticism of these features and predicted the defeat of the entire budget resolution in the convention.

In spite of this early discussion of budget proposals no real consideration was given the matter till late in December. For the time being the energies of the committee were devoted to other and more pressing matters. The

subcommittee on the budget made its institutional visits and struggled away with the 1918 budget. The other subcommittees were engrossed with other matters. The November election absorbed the time of some, as did also the city election in December. Senator Bean, the chairman of the committee, and a member of the subcommittee on the budget, failed of reelection in November, and the work on the 1918 budget was thus left largely in the hands of Mr. Warner and Mr. Young.

The Budget Program of Mr. Warner and Mr. Young.

By the middle of December, Mr. Warner, Mr. Young, Mr. Raymond and the secretary of the committee were agreed on the main provisions of the budget statute to be recommended by the subcommittee. The chief difficulty lay in making the measure revolutionary enough to be valuable and conservative enough to "get by" the main committee and the legislature. The compromise arrived at was:

1. The preparation of the budget by the supervisor of administration, on the basis of departmental estimates.

2. The revision and submission of the budget to the legislature by the governor.

3. A single appropriation bill providing for budget recommendations with precedence over all other appropriations.

4. No interference with the power of the legislature to increase or decrease items in the governor's budget or to introduce private bills or accept private petitions.

At various times the elements of this program were discussed with other members of the committee individually in order to insure its adoption when the time was ripe for discussion by the committee as a whole. By this time all members of the committee either believed in a budget and a single appropriation bill, or else felt it could do no special harm. Several members who had opposed the governor's revision and presentation of the budget were swung around by the argument that the passage of the suggested measure would "steal the thunder" of the constitutional convention and would "put the governor on record" on all financial matters so that he could not shift the blame to the legislature for allowing appropriations he had secretly urged them to make. The action of Governor McCall in bringing pressure to bear on the house ways and means committee in 1917 to reverse their adverse report on an appropriation for the Pilgrim Tercentenary Commission, the passage of which he followed with a veto, was still fresh in the minds of all. In spite of these arguments, however, the passage of the measure appeared doubtful when it was first discussed on December 27th, on the eve of the convening of the legislature, and of the presentation of the final report of the committee.[1]

Time Limit Forces Decision.

Because of the inability of the full committee to agree on the budget statute, and especially on the section of

[1] House Journal 1917, p. 1143, Journal of Committee, p. 28.

the report dealing with consolidation of commissions, an extension of three weeks' time was secured in which to arrive at a decision and to complete the report.[1] These three weeks were busy days for all the surviving members of the committee.[2] Four of the members were committee chairmen, and the remainder were on the house ways and means committee, which was holding hearings during the same period on the 1918 budget.[3] As a result, further consideration was virtually impossible, and as it was necessary to report something, the various subcommittee reports were acquiesced in and adopted, including the budget statute, to which opposition had arisen earlier, and the highly controversial sections on administrative reorganization. In the latter case, however, the following door was left ajar:

> "The above recommendations have been approved by the committee but not in every case by a unanimous vote." [4]

The Budget Recommendations of the Recess Committee.

The report of the committee, in so far as it relates to the budget, is significant because it is a legislative criticism of legislative financial practices. "Massachusetts now has no budget system," said the committee. "When the General Court meets in January there is no unified plan for the expenditures and taxes of the year."

[1] 1918 House Journal, page 166.
[2] Mr. Bean and Mr. Collins were not members of the 1918 legislature.
[3] Manual 1918, p. 519 ff.
[4] 1918 House Document, No. 1185, p. 67.

Criticism of Defects.

The main defects in the financial procedure pointed out by the committee were:

1. There are no satisfactory estimates of the financial needs of government.

The committee said in part:

> "The estimates are prepared solely by the departments in charge of the work to which they relate and by the officers who will actually expend the appropriations when made. The figures are often unduly high in the expectation that reductions will be made by the Committee on Ways and Means. Even if not intentionally excessive their value is lessened by the fact that they represent the partisan opinion of an interested department which naturally wishes its work to cut a large figure in comparison with other public activities.
>
> "Furthermore, the individuals who are responsible for preparing the estimates have absolutely no responsibility for the State tax; their only interest is to see their departments well supplied with public funds. They are under no pressure to keep the State tax down." [1]

It was further pointed out that the estimates now prepared are seriously incomplete, not even containing the total requests of department heads, to say nothing of the flood of private bills and petitions involving a financial charge. On the question of estimates the committee concluded: "This present procedure in the preparation and tabulation of estimates fails to give the legislature a comprehensive plan of the actual needs of the government." [2]

[1] 1918 House Document, No. 1185, page 16. [2] *Ibid.*, page 18.

2. An orderly consideration of financial measures is impossible.

After pointing out that orderly consideration is conditioned upon an orderly plan and calling attention to other undesirable features of the present procedure, the committee concludes:

> "The worst feature of the present system is the impossibility of giving proper consideration to all of the needs of the State government, in relation to each other and in relation to the revenues of the State and the State tax. Individual matters are decided and enacted one by one throughout the length of the session, without the formation of any definite plan, except as one exists in tentative form in the mind of the Ways and Means Committee. The public and the Legislature have no idea until the last days of the legislative session what the appropriations will amount to and what the State tax will be. This is due to the lack of comprehensive budget plan upon which all appropriations can be based."[1]

3. "The process of appropriation is confusing both to the Legislature and to the public." It was pointed out that there were 136 separate appropriation acts in 1915 and 116 in 1917, and that "The large number of appropriation bills at present prepared and passed makes it impossible for any individual not an expert to ascertain what has been appropriated for any one department or for any given service."[2]

Curative Recommendations.

In order to cure these outstanding evils, the committee recommended that:

[1] 1918 House Document No. 1185, page 20. [2] *Ibid.*, page 21.

1. The budget system be adopted.

2. The budget be prepared by the supervisor of administration under the direction of the governor, for, in the words of the committee: "The governor should be held responsible for state expenditures. He should therefore be originally responsible for the entire financial program." [1]

3. "Budget Days" be set aside for the consideration of the budget, when the governor may be permitted and the heads of other executive departments may be required "to appear before the general court on its request to explain the appropriations recommended in the budget." [2]

4. The legislative rules be changed to require the presentation of all private financial bills and petitions during the first week of the session and their immediate consideration by committees of original reference.

5. All appropriations based on the budget be included in a single "general appropriation bill" to be given precedence over all private appropriation bills.[3]

These were, in brief, the budget recommendations of the committee. In addition 19 specific major recommendations were made with regard to funds, fees, fines, bonds, printing, public institutions, the courts, and departmental reorganization. These dealt only indirectly with budget problems and are therefore not reviewed here.

[1] 1918 House Document 1185, page 24.
[2] *Ibid.*, page 72.
[3] *Ibid.*

CHAPTER VI

THE LEGISLATURE OF 1918 AND THE BUDGET

Governor McCall and Speaker Cox Advocate the Budget System.

THE legislature of 1918 was convened on January 2. Channing H. Cox, Republican, was elected speaker of the house by a vote of 172 to 54.[1] In his opening remarks, this legislative leader of the majority party stated that the first task before the legislature was the establishment of a "more scientific method of making appropriations." He continued, "The report of the special committee which has been studying this subject during the recess deserves our immediate attention and action. As one looks back over the legislative history of the commonwealth he is astounded to find that, with no real budget, with little or no advance investigation of estimates, the appropriating power has been used as wisely as it has." [2]

On January 3, Governor Samuel W. McCall laid before the two branches his legislative program. As was natural, this war time inaugural address placed special emphasis on war measures. It also contained the governor's industrial and social program, a word on education, on the constitutional convention, and an exhortation

[1] 1918 House Journal, p. 6. [2] *Ibid.*, p. 6.

to rigid economy. At the request of budget advocates, the governor included a paragraph referring to the work of the joint special committee on finance and budget procedure and urging the legislature to establish a budget system. He said,

> "A legislative committee on finance and budget procedure has given the subject of a state budget very exhaustive consideration during the recess. I have referred upon former occasions to the need of providing for an efficient budget system. The constitutional convention has under consideration an amendment to the constitution providing for a budget, but until that is passed by the people, legislative action upon this subject cannot bind governors or subsequent legislatures. But it would be binding upon the departments and would probably be followed as a rule of action. As chief executive, with a high responsibility for administration, the governor should be enabled to examine all estimates of appropriations, and to submit to the legislature a budget containing a statement of appropriations deemed by him to be necessary for the proper maintenance of the government. This budget should include the amounts required for ordinary maintenance, to meet deficiencies, to pay interest and maturities upon debt, and also to provide the additions and improvements to existing institutions which may seem necessary or desirable. The recommendations for spending money might well be accompanied by recommendations for raising it, whether by loans or new taxes. A haphazard system of public finance is likely to be an expensive system. The comprehensive grouping of the financial needs of the government will result in the saving of time to the legislature, a better apportioning of appropriations among the different departments and a lessening of expenditure. I heartily recommend action designed to secure a proper budget system." [1]

[1] 1918 Senate Documents, No. 1, p. 13.

Budget Progress in the Legislature.

It will be seen that the members of the recess committee had not been resting on their oars in the matter of securing a most favorable introduction for their budget recommendations. The two men to whom the commonwealth looks for leadership at the state house, the governor and the speaker of the house, were both induced to come out squarely for the adoption of a state budget system, and to refer specifically to the recommendation of the joint special committee on finance and budget procedure. Elements of humor were not lacking in this situation. It will be remembered from the discussion in Chapter V above that the recess committee had not completed that section of its report which was to deal with the state budget system at this time, and that differences of opinion threatened to prevent a satisfactory report. Both the governor and the speaker were in a measure endorsing a blank check.

The work of the 1918 legislature on budget matters revolves about two centers, first, the 1918 budget; and second, the bill establishing the budget system. The legislative history of these two matters is discussed separately in this and the following chapter.

Legislative Consideration of the 1918 Budget

Public Interest in the 1918 Budget.

The 1918 budget as drawn by the joint special committee on finance and budget procedure was submitted

to the legislature on January 2, 1918. The budget summary, excluding the supporting details,[1] was also handed to the press representatives. The prominence which the more serious papers gave to this material is perhaps the best indication of the extent of public interest in the new budget. Of course there were even some Boston papers that took no notice of the 1918 budget. There were also many papers of the smaller cities and towns that overlooked it.[2] The more substantial papers however showed an intelligent interest. The *Boston Transcript* printed the essential details of the 1918 Budget in a two-column box. It hailed the document as the "first model budget" of Massachusetts, and presented in tabular form the departmental requests, the budget recommendations, and the 1917 appropriations. The budget summary was also reprinted in full.[3] The *Springfield Republican* not only covered the budget in its news columns, but took occasion to comment editorially on some of the chief political issues involved, observing, "A number of issues are stated clearly in the preliminary budget plan of the legislature's special recess committee."[4] If one thing is more noticeable than others in this public discussion of the 1918 budget it is the directness with which the papers proceeded to the emphasis, in news columns, and to the discussion, in editorials, of the chief political issues raised by the budget.

[1] See page 83.

[2] Cf. the Lowell *Courier Citizen*.

[3] *Boston Transcript*, January 3, 1918, p. 2.

[4] *Springfield Republican*, January 3, 1918, p. 2; January 4, p. 6.

Conflict with the Senate over Committee Reference.

Both Mr. Warner and Mr. Young had come to feel that it was to the best interests of the legislature to provide for the consideration of the budget by the joint committee on ways and means. This procedure would make it unnecessary for the budget bill to receive the attention of the house committee and then of the senate committee separately. It would obviate the necessity of calling in the department heads for two separate legislative committee hearings, and would make it possible by eliminating the duplicate hearings to enact the appropriation bill early in the session so that the departments could go about their year's work without further delay and doubt. The very fact that the two committees worked out a joint program would mean the saving of time later on. It was also pointed out that practically all other legislative matters were reported on by joint committees. There were those also who believed that the small senate committee, which works comparatively in the dark, would needlessly delay action on the budget appropriation bill as a means of bringing pressure to bear on some legislator or some administrative department for personal ends, and that this danger would be considerably lessened if the committees acted jointly. As a result of these suggestions, and especially because of the influence of Messrs. Young and Warner, no difficulty was raised in the house against the reference of the budget and the budget appropriation bill to the joint committee on ways and means.[1]

[1] House Journal, p. 23.

The senate, however, refused to concur in this reference, and on informal conference no progress was made. As a result the house ways and means committee proceeded to go over the budget as if it had been referred to them alone.[1]

Budget Revisions of the House Committee.

The house ways and means committee devoted from January 7 to January 25 to the revision of the budget bill with its 502 items totaling $24,496,990.35.[2] While no public hearings were held during this period, all heads of departments who felt that mistakes had been made in the budget recommendations for their work were given an opportunity to present their cases. Over half of the departments affected either expressed themselves as being satisfied with the budget recommendations or failed to make a protest.

On January 25, Chairman Warner reported to the house the recommendations of the committee. The new bill differed in certain particulars from the old. It contained two new items, so that the items numbered up to 504, and dropped several. The total appropriation carried by the bill was $27,464,746.39.[3]

It will be seen that the bill reported by the ways and means committee appropriated almost $3,000,000 more than the budget bill. An analysis of the two bills shows however that the two bills are not strictly comparable

[1] The Legislative Journals were never corrected to indicate what actually happened. See House Journal, p. 23, Senate Journal, p. 122.

[2] House Document 17.

[3] *Ibid.*, 1176.

until certain allowances have been made. At the time the original budget bill was drawn, the treasurer had not been able to determine the exact amounts needed for interest and debt service, and as a result it was not possible to include any definite amount in the budget bill. By the time the ways and means committee made its revision, the treasurer reported that $3,641,164.09 was required. This amount was therefore included in the revised budget bill. It accounts for the two additional items, numbers 503 and 504.

An important political controversy had arisen over the state guard and the adjutant general's department. The adjutant general and the officers of the state guard were attempting to enlarge their establishments beyond what the legislature deemed necessary. The governor sided officially with the military authorities, as is evidenced by his inaugural, while the ways and means committee urged the need of economy. The committee on military affairs was of course the storm center, and as it had not reached a decision at the time the budget bill was revised, the six items in question were cut from the bill and a report on them postponed pending action by the committee on military affairs. These military items totaled $405,000. A further item of $13,000 for the maintenance of the police steamer *Lexington* was also omitted pending action on a message from the governor of January 22 advising the sale of the steamer.[1] Because of the uncertain authority for the appropriation of cer-

[1] 1918 House Journal, p. 148.

tain educational gratuities, three items of the budget bill carrying $180,000 were also temporarily dropped. And finally an item of $15,000 was added to meet an obligation which the recess committee did not understand as having accrued.[1]

When allowances are made for these non-comparable items, the two bills are as follows:

Budget Bill (House 17)	$23,913,990.35
Revised Bill (House 1176)	23,823,582.30
Decrease	$90,408.05

The following table shows what part of the budget bill remained unchanged, and what parts were increased or decreased, and their relation to the total involved:

	Number of Items	Amount	Per Cent of Budget Bill
Budget Bill	491	$ 23,913,990.35	100.00
Unchanged	431	23,629,299.58	98.80
Decreased	18	187,549.41	.79
Increased	42	97,141.36	.41
Net Decrease		90,408.05	.38

From this it is clear that the budget bill of the joint special committee on finance and budget procedure was revised but slightly by the ways and means committee before submission to the legislature. After all had been said and done a net decrease of about a third of one per cent was made.

[1] 1918 House Documents, 17, 1176; items 67½, 270, 280–285, 473–475, 503, 504.

The Revised Budget Bill Before the House.

On January 25 the revised budget bill was reported to the house by Chairman Warner.[1] Beginning on January 28 two entire sessions and a considerable part of a third were devoted to the discussion of the budget bill. On the second day of the debate seven amendments were offered, all of them to eliminate or reduce items on the bill. Of these three, reducing the bill by $52,675, were rejected, and four, reducing the bill by $518,354, were adopted. On the following day three further amendments were put forward, one to cut out $4600 more, which was rejected, and two to restore $510,354 of the amount eliminated the previous day. As a result the bill went to the senate as it had been received, minus $8000.[2]

The $8000 eliminated by the house was composed of two items, the first appropriating $5500 for the maintenance of the police steamer *Lotis*, and the second appropriating $2500 for examination of recruits of the state guard. It will be remembered that the questions of police steamers and the state guard were bones of contention, and that a number of items referring to the same matters had already been severed from the budget bill by the ways and means committee.[3]

During the discussion of the budget bill by the house, Mr. Warner, chairman of the house committee on ways and means, was continually on his feet answering questions and explaining items. While the bill was still

[1] 1918 House Journal, p. 166. [2] *Ibid.*, p. 174, 179, 187.
[3] 1918 House Document 1176, Items 270, 280–285.

before the house, Representative Young is reported as saying: "The general appropriation bill was discussed yesterday in the house during the whole session, and will be again to-day. For the first time in recent history, the Massachusetts legislature took a real interest in a financial measure, and the new system has more than justified itself already."

The Budget Bill Before the Senate.

The budget bill as passed by the house was received in the senate on February 1 and referred without discussion to the senate committee on ways and means.[1] Here it was held for over a month. Senator C. L. Gifford, chairman of the committee, was none too friendly to the budget system, and as his service on the recess committee on taxation had precluded his appointment to the recess committee on the budget, he was entirely unfamiliar with the budget bill, and so demanded a careful working over of the entire measure. At this stage no public hearings were held, though a number of the department heads were given an opportunity to restate their cases. The change in commodity prices made it necessary also to reconsider the appropriations for some of the state institutions.

On March 5, Senator Gifford reported the bill with 18 amendments. Seven of these made further reductions in the bill, while eleven provided increases. The total increases amounted to $48,042, while the decreases were

[1] 1918 Senate Journal, p. 168.

$21,800, leaving a net increase of $26,242. It is especially interesting to note that over $39,000 of the increase is in institutional maintenance which the house ways and means committee had reduced.[1]

On the following day, all of the amendments recommended by the senate committee were adopted in a block and without discussion.[2] On March 11, when the bill was passed to be engrossed, three amendments were offered. The first made a decrease of $400; the second reintroduced an item of $1000 which had been cut out by the senate vote of March 6; and the third reintroduced an item of $5500 for the maintenance of the steamer *Lotis* which had been eliminated by the house. Of these amendments the first two failed, while the third was adopted on a roll call. The vote stood 18 to 14, with four paired, and three not voting.[3] The vote by parties was as follows:

	Republicans	Democrats	Total
Yes	15	5	20
No	15	1	16
Not voting	2	1	3
Total	32	7	39

It will be seen that there was no party issue involved.

As a result of these 19 amendments adopted by the senate, the budget bill was increased by $23,742, or less than a tenth of one per cent of the total amount carried by the bill as it came to the senate.

[1] 1918 Senate Journal, p. 330. [2] *Ibid.*, p. 372. [3] *Ibid.*

Senate Amendments Adopted by the House.

On March 13 the amended budget bill was returned to the house and there referred to the committee on ways and means.[1] This committee recommended concurrence in all the senate's amendments.[2] When the matter came up for vote on the 21st, there was no opposition except to the single item regarding the appropriation for the police steamer *Lotis*. The rejection of the senate's amendment however failed on a standing vote, 38 to 75, and the remaining amendments were adopted in a block without discussion.[3] The bill then passed through its final stages and was laid before the governor and was signed by him on March 28 as Chapter 106 of the Special Acts of 1918.[4]

The Budget Bill as Passed Compared with the Original Bill.

The budget bill as finally passed in Chapter 106 carries appropriation amounting to $27,488,488.39. While this is $2,991,498.04 above the budget bill as drawn by the recess committee on the budget, a careful analysis shows, after eliminating the non-comparable items as above, that the bill appropriates less than the original recommendation by only $66,666.05, or slightly over one quarter of one per cent.

Significant Incidents in the Passage of the Budget Bill.

There are five significant incidents in this brief story of the passage of the budget bill in 1918:

[1] 1918 House Journal, p. 458. [2] *Ibid.*, p. 500.
[3] *Ibid.*, p. 534. [4] *Ibid.*, p. 557; Senate Journal, p. 470.

1. At no stage was a private motion made on the floor of either house to add a new item or to increase an existing provision of the budget bill with the exception of three attempts to reintroduce items which had been cut out previously.

2. There was no political division on the budget at any stage.

3. There was practically no revision of the budget by the legislature itself. Neither house was interested in discussing more than half a dozen items, and the only individuals in the legislature who knew enough about the budget bill to criticise it were already responsible for its preparation.

4. The only detailed examination which the budget bill had at the hands of the general court was in the ways and means committees. Each branch of the legislature accepted all the suggestions of its ways and means committee, and the two houses came to an agreement on all matters without even a temporary deadlock or a conference committee.

5. The chairman of the house ways and means committee was the chief proponent and defender of the budget bill.

Disposition of Postponed Items.

The budget items eliminated by the house ways and means committee were subsequently reported in two groups. Items 280 to 285, providing for the adjutant-general and the state guard, were reported on February

11.[1] The ways and means recommendation showed a cut of $80,140 beyond the extensive cut already made by the recess committee. This recommendation of the ways and means committee was adopted both in the house and in the senate. In the house alone was there any discussion of the measure. An effort to amend by making further radical decreases was defeated on a voice vote.[2] Later in the session a number of minor amounts were allowed for the adjutant-general's department, bringing the total appropriation for his department up to $342,155.81.[3]

Item 270 of the 1918 budget bill was never reported. The governor's special message advising the sale of the police steamer *Lexington* resulted in the passage of a law providing for the sale of the steamer.[4] This made it unnecessary to pass an appropriation for its maintenance.

Items 473, 474 and 475 were reported on March 14. The bill reported called for an appropriation of $180,000, the amount provided for in the tentative budget, in accordance with the resolves of previous legislatures by virtue of which the grants were made.[5] With the settlement of these questions, every matter raised in the tentative budget bill was disposed of.

Budget Recommendations for Capital Outlays.

The joint special committee on finance and budget procedure was called on to sift over departmental requests

[1] House Journal, p. 246. [2] *Ibid.*, p. 281; Special Acts of 1918, Ch. 111.
[3] 1919 House Document 200, p. 52. [4] Senate Journal, p. 392.
[5] House Journal, p. 472; Special Acts of 1918, Ch. 110.

for capital outlays, totaling over $5,000,000.[1] Of this amount, $270,000 was carried in the budget bill, and was enacted without revision. Excluding this $270,000, which was appropriated practically as a maintenance item, the following table indicates the requests, the budget recommendations, and the final action of the legislature:

Budget Recommendations for Capital Outlays[2]

	Departmental Requests	Budget Recommendation	Appropriation	Increase or Decrease
Commission on Waterways and Public Lands . .	$2,473,141.69	$400,000.00	$1,778,342.00	+$1,378,342.00
Other State Departments and Institutions . .	2,478,969.65	1,172,833.89	1,129,546.15	−43,287.74
Total . . .	$4,952,111.34	$1,572,833.89	$2,907,888.15	+$1,335,054.26

From this table it will be seen that the budget recommendations for the commission on waterways and public lands were radically revised by the general court. The joint committee on metropolitan affairs to whom the recommendations of the commission on waterways and public lands was referred, reported in favor of the commission's plans for the improvement of the Port of Boston. This was followed by a favorable report by the senate committee on ways and means, and then by a favorable report by the house committee on ways and

[1] House Document 17, pp. 12, 13, 65.

[2] *Ibid.*, p. 60–65; 1919 House Document 200; General and Special Acts of 1918.

means.[1] While the final appropriation represents a marked difference of policy from that recommended in the tentative budget, it will be seen that the change of policy was approved by those who had drawn the budget.

The recommendations of the tentative budget for the capital outlays of the remaining institutions and departments was $1,172,833.89. This figure represented a cut of $1,306,135.76 from the departmental requests. The budget recommendation was in turn materially revised by the house ways and means committee and the legislature. The final appropriation omitted fourteen capital outlay items from the budget and added fourteen. The decreases totaled $186,856.00 and the increases, $143,568.26, leaving a net decrease of $43,287.74. The gross decrease was 15.8 per cent, the gross increase 12.2 per cent, and the net decrease 3.6 per cent of the total amount carried by the tentative budget.

Relation of Budget Appropriation to Total Appropriations.

The 1918 budget failed to cover all of the needs of the commonwealth. The extent of this failure, as well as its causes, can be seen in the table on the following page.

The recommendations of the governor were as vague as they could well be, though in many instances the amount he regarded as necessary was "understood" by the leading members of the ways and means committee. The governor's recommendations had to do almost exclusively with emergency war matters, and were passed

[1] 1918 Bulletin No. 35, p. 26, 85; House Journal, p. 590, 601, 630.

through the two houses under suspension of the rules in the main.

Basis of 1918 Appropriations

Basis	Appropriation	Per Cent of Total
Budget	$31,196,436.54	80.7
Governor's messages	3,476,030.41	9.0
Private petitions and departmental requests not submitted to budget committee	760,357.67	2.0
Supplemental maintenance requests of departments and institutions	1,152,238.10	3.0
Estimates of metropolitan boards and commissions	2,065,001.56	5.3
Total	$38,650,064.37	100.0

The $760,357.67 appropriated on the basis of various petitions and requests also represents chiefly war emergency matters. At the same time there are included in this item appropriations for recess committees and for a very few other items that might be termed "private." Such items were, however, very successfully eliminated in 1918. In the opinion of those who are in a position to know, this was due (1) to the budget procedure which forced the consideration of each matter in relation to the tax rate, and (2) to the war situation which made it possible to argue that road and harbor bills would not "help win the war." At any rate they were all disposed of without serious difficulty.

During the latter part of the legislative session, the increases in commodity costs began to be felt not only by the state institutions, but also by the lower-salaried

employees. As a result the departments and institutions requested substantial increases in the appropriations for their supplies and for salaries. In response to this appeal $1,152,238.19 was appropriated.

It is to be noted that the 1918 budget and the single maintenance appropriation bill based upon it covered in addition to the executive departments the legislative and the judicial departments as well.[1] The estimates of these departments were revised and reported in the same manner that other requests were handled. The judicial department estimates came to $722,423.67, and the recess committee recommended all but $3835.00 of this amount. Similarly $7300.00 was cut from the estimates for the legislative department, and both cuts were approved by the legislature as indicated in Chapter 106 of the Special Acts.

The outstanding fact with regard to the appropriations of 1918 is that the budget was the basis for but 81 per cent of the appropriations passed. This was due to the fact that other requests were received by the legislature direct from the governor and also from private individuals, members of the legislature and state officials. The requests in this last case represent chiefly estimates which according to law should have been filed with the regular departmental estimates.

[1] As had been recommended by the Joint Special Committee on Finance and Budget Procedure, Chapter 1 of 1918 (General) was enacted authorizing the treasurer to make advances during January and February to the members of the legislature for salaries and expenses at the rate provided by the appropriations of the previous year. (1918 House Document 17, Appendix.)

Appropriation Bills of 1918.

During the session of 1918, 22 appropriation acts were passed by the general court and signed by the governor. Of these 21 were classified by the secretary of the commonwealth as "Special Acts" and one as a "General Act."[1] This difference in classification was due to the fact that one of the acts contained not only an appropriation but also some other provision of general law. The practice of confusing appropriations by mixing them with general provisions of law has been steadily combated by the ways and means committee during the past few years. In 1917, for example, there were eleven such acts. The total number of appropriation bills enacted also represents a marked decrease.[2] The number of appropriation acts passed during 1915, 1917, and 1918 is as follows:

	1915	1917	1918
Appropriation acts passed	136	116	22

The confusion of appropriations was lessened not only by a decrease in the number of bills, but also by the concentration of over 70 per cent of the total appropriations in a single act, based on the budget bill. The largest amount to appear in any single act during the previous decade was in the 1917 act providing for the institutions administered by the commission on mental diseases. This bill carried some 12 per cent of the 1917 appropriations.[3] The concentration of appropriations in a single act brought

[1] Appropriation Acts of 1918 were: Special Acts, 1, 17, 18, 27, 67, 95, 96, 97, 106 (Budget Act), 110, 111, 140, 146, 148, 149, 161, 170, 177, 182, 186, 189; General Acts, 37.

[2] 1917 House Document, 1185, p. 21. [3] Special Acts 1917, Ch. 212.

about in 1918 is the most complete since the heroic effort of 1858.[1]

A marked improvement in the form of appropriation acts is also evident in 1918. The chief appropriation bill made a great step forward by placing the appropriations in semi-tabular form with the amounts appropriated at the right of the page in arabic numerals. The following is a typical excerpt from the budget appropriation bill:

SERVICE OF THE AUDITOR OF THE COMMONWEALTH

For personal services of the auditor, office and other assistants, a sum not exceeding forty-eight thousand seven hundred fifty dollars	$48,750.00
For service other than personal, travelling expenses, office supplies and equipment, a sum not exceeding five thousand dollars . .	5,000.00
Total	$53,750.00

It will be observed that this is very far from being a "segregated budget." In the case of offices divided by law or by practice into distinct bureaus the appropriations are generally further subdivided. The appropriations for the maintenance of institutions are each in a single lump sum. In fact the average item of the bill as a whole amounts to $46,000.00. There are 57 individual items running from $100,000 up, and four above one million dollars.[2]

In 1917, and previous years, appropriations for office supplies and equipment and for miscellaneous expenses were made under the greatest variety of phrases. In 1917 for example there were no less than 34 distinct phrases used, each intended to cover the same authorization.

[1] See page 34, *ante*.

[2] Special Acts of 1918, Ch. 106.

The words "contingent," "necessary," "sundry," "incidental," "current," "office," "general," and "other" all appeared singly and in a variety of combinations to qualify the word "expenses."[1] This confusion was remedied by the 1918 bill.

Appropriations for the Metropolitan Districts.

The 1918 budget failed to include recommendations for the metropolitan districts. This material was deliberately omitted because of the lack of time at the disposal of the joint special committee on finance and budget procedure. The appropriation for the metropolitan park commission and the metropolitan water and sewerage board, based upon the estimates of these two departments, amounted to $2,241,521.53. Of this sum $176,019.97, being the share of the expense borne by the state, was included in the appropriations based on the budget, while the balance, $2,065,001.56, was granted by chapter 67 of the Special Acts of 1918 supplemented by Special Act 182 and General Acts 157 and 177.

Early Passage of Appropriation Acts.

Massachusetts is distinguished from the great majority of states by the absence of the "last minute appropriation rush." This commendable distinction is not due entirely to the adoption of the budget system, though the experience of 1918 would lead to the conclusion that the budget system will help in securing early action on appropriation measures.

[1] See especially Special Acts of 1917, Ch. 374, 98, 37, 6.

The percentage of the total appropriations of the session enacted by periods during the 1917 and 1918 sessions, and for comparison recent figures for New York and for Ohio, are given below.

PERCENTAGE OF TOTAL APPROPRIATIONS ENACTED DURING SPECIFIED PERIOD OF LEGISLATIVE SESSION [1]

	PER CENT ENACTED DURING FIRST HALF OF SESSION	PER CENT ENACTED BEFORE LAST WEEK OF SESSION	PER CENT ENACTED DURING LAST WEEK OF SESSION
Massachusetts 1918	80	90.4	9.6
Massachusetts 1917	67	93.3	6.7
New York 1916	0 [2]	60	94.0
Ohio 1915	0 [3]	190	81.0

While the figures presented in this table for New York and Ohio are not from the latest sessions, they represent substantially what happens from year to year in the average American state legislature.

The increase of appropriations in Massachusetts during the last week of the 1918 session over those of the 1917 session is due to the increases which a rising price market made necessary in the institutional and departmental appropriations and to an appropriation for $1,000,000 for the pay of soldiers. In fact 1918 appears in a more favorable light than 1917 when these items are deducted.

In comparing the Massachusetts "last week" and "last day" appropriations with those of other states it is im-

[1] Massachusetts figures based on analysis of appropriation bills; New York figures from Municipal Research Bulletin No. 72; Ohio from Mss. report by C. K. Matson.

[2] $10,000. [3] $33,115.

portant to note that practically every dollar of the Massachusetts items represents appropriations made in accordance with resolutions passed earlier in the session specifying the amounts to be appropriated. Thus the figures for Massachusetts would be still further improved if the date of the resolution were substituted for the date of the appropriation.

General Satisfaction with New Budget System.

The first experience of the legislature with the new budget was universally satisfactory. Representative Young's remarks early in the session that "the new system has more than justified itself already" seems to have expressed the majority opinion. The best evidence of this is seen in the permanent establishment of the budget system during the same session of the legislature, as described in the following chapter.

CHAPTER VII

ESTABLISHING THE BUDGET SYSTEM

I. The Budget System Bill

Committee Recommendations.

The budget system bill recommended by the joint special committee on finance and budget procedure provided as follows:[1]

1. Preparation of the Estimates.
   a. Estimates for the "ordinary maintenance" of departments, institutions, and undertakings receiving annual appropriations from the treasury of the commonwealth shall be prepared by the officer or board in charge and submitted to the supervisor of administration by October 15. A copy goes to the auditor. These estimates "shall not include any estimate for any new or special purposes or objects not authorized by statutes."[2]
   b. Estimates for financial needs of departments, etc., not included above, including those to be financed by assessments or by bond issues, shall also be submitted by the department heads to the supervisor by October 15. No copy is required for the auditor.
   c. Estimates for revenues and other available funds shall be prepared by the auditor and submitted to the supervisor and to the clerk of the house by December 26.
   d. Estimates of requirements for interest and debt service, for legally authorized claims against the state, and for

[1] House Document, 1918, 1185, p. 71.

[2] The fiscal year in Massachusetts begins on December 1.

other such needs as are not covered by *a* and *b* above shall be submitted to the supervisor and to the clerk of the house by the auditor on or before December 26.

e. A tabulated statement of the estimates submitted under *a* above, together with the comparative appropriations of the previous year and the expenditures for the three previous years shall be prepared by the auditor and submitted to the supervisor and the clerk of the house by December 26.

2. Revision of Estimates and Preparation of the Budget.

a. The supervisor of administration shall revise all estimates and submit to the governor a budget "setting forth such recommendations as the governor shall determine." No date is fixed for the completion of the supervisor's work. The supervisor is required to "make such investigations as may be necessary."

b. The governor may call upon the auditor for information and for assistance in the preparation of the budget.[1]

3. Submission of the Budget to the Legislature.

"The budget shall be submitted by the governor to the general court not later than the second Wednesday in January of each year." [2]

4. Content and Classification of the Budget.

a. The budget shall contain "all estimates, requests and recommendations for appropriations or other authorizations for expenditures from the treasury of the commonwealth." It shall also include "definite recommendation of the governor as to the financing of the expenditures recommended and the relative amounts to be raised from ordinary revenue, direct taxes, or loans." With the budget the governor shall submit such messages as he deems necessary.

[1] The bill provides for the appointment of a deputy to assist the auditor in this work. See page 119.

[2] The General Court assembles on the first Wednesday of January. Constitutional Amendments, Article X.

b. "The budget shall be classified and designated to show separately estimates and recommendations for:
(*a*) expenses of administration, operation and maintenance,
(*b*) deficiencies or overdrafts in appropriations of former years.
(*c*) new construction, improvements, additions and other capital outlay.
(*d*) interest on the public debt and sinking fund and serial bond requirements.
(*e*) all new and other requests and proposals for expenditures."

5. Appropriations.
a. "All appropriations based upon the budget to be paid from taxes or revenue shall be incorporated in a single bill to be designated the general appropriation bill."
b. "Except on recommendation of the governor the general court shall not enact any other bill carrying an appropriation before final action on the general appropriation bill."

6. Supplemental Budgets.
The governor may submit, from time to time during the session of the general court, "supplemental messages or recommendations relative to appropriations, revenues and loans."

Referred to Joint Ways and Means Committee.

This bill was referred to the joint ways and means committee on February 28.[1] No action was taken, however, until after the bulk of the appropriations had been disposed of. On May 10 the bill was reported to the house without a single alteration.[2] Its passage through the house was uneventful, though on the third reading an amendment was adopted striking out three

[1] Senate Journal, p. 308.
[2] House Journal, p. 787; House Document 1528.

lines which authorized the auditor to "appoint a deputy in his department at an annual salary not to exceed thirty-five hundred dollars" whose duty was to furnish the governor any information necessary for his revision of the budget. It was asserted by Representative Martin Hays of Boston [1] that these three lines were intended to provide a "berth" for James W. Bean, chairman of the recess committee, who had failed of reelection to the senate. The amendment and the bill were adopted on voice votes, and the right of reconsideration cut off by the suspension of house rule 15 on motion of Representative Hays.[2]

The bill with its amendment reached the senate May 17.[3] On its second reading, the amendment made in the house was struck out on motion of Senator Nichols, a member of the recess committee; and on motion of Senator McLane, also a member of the recess committee, the following lines were eliminated: "Except on recommendation of the governor the general court shall not enact any other bill carrying an appropriation before final action on the general appropriation bill." Both of these changes were made on voice votes.[4] With these amendments, the bill passed through its remaining stages without comment.

The house, after a brief debate, solely on the new position in the auditor's department, accepted the amendments made by the senate, and the bill was sent to the

[1] Mr. Hays was elected majority floor leader in 1919.
[2] House Journal, p. 813. [3] Senate Journal, p. 695. [4] *Ibid.*, p. 720.

governor for signature on May 27.[1] The following day the bill was signed as chapter 244 of the General Acts of 1918.[2]

Lack of Interest in Budget System.

The consideration of the budget system bill by the legislature emphasizes above everything the surprising lack of interest on the part of the people's representatives in the budget system. There was almost no discussion in either house concerning the fundamental features. The chief argument over the bill had to do with a specific job incidentally created in the auditor's department.

Why the Bill Passed.

In view of the total absence of recorded votes and of discussion of budget problems in the legislature, it is difficult to analyze the situation and to classify the forces which brought about the passage of the budget system bill by the Massachusetts legislature of 1918. An examination of the situation, however, shows that the most important reason for the passage of the bill was the fact that it came before the legislature with the unanimous and favorable report of the joint ways and means committee. It thus had the backing of the financial leaders of the legislature and the tacit approval, at any rate, of the majority and minority party leaders of both houses. Under these circumstances, it is not uncommon for measures to "slide through" without so much as a rising vote.

[1] Senate Journal, p. 761; House Journal, p. 866.

[2] James W. Bean was appointed by the auditor to fill the position created by the bill.

This is what happened in the case of the budget bill. The experience with the budget earlier in the session had been satisfactory; consequently no one opposed the budget system bill seriously. The changes that it contemplated stepped on nobody's toes, except the deputy auditor's, and a small and influential group thus found it possible to secure the acquiescence of the remaining leaders of the legislature, and the favorable action by the two houses.

Those who believed in the budget system were aided powerfully by the budget propaganda of the previous few years, and by the high tax rate. The term "budget" had been made almost synonymous with efficiency, economy and lower taxes. Then, too, the constitutional convention was almost sure to pass a budget amendment, and if the legislature could act first, it would deserve the credit for leading the way, and might even prevent the passage of a budget system by the convention which might vest in the governor powers now belonging to the legislature. The influence of the office of the supervisor of administration was in favor of the adoption of the bill. This unquestionably served to allay the suspicions of many, as both Mr. White and Mr. Raymond had been at the state house for many years.

II. Other Financial Reforms in 1918

In addition to the major reforms, the 1918 general court enacted a number of acts which deserve mention because of their part in laying the foundation for an effective state budget system.

Minor Recommendations of the Joint Special Committee on Finance and Budget Procedure.

Excluding the tentative 1918 budget and the budget system bill, the joint special committee on finance and budget procedure made 19 specific recommendations for the enactment of new laws or the revision of existing laws. In view of the customary failure of recess committees to produce any tangible fruits as the results of their labors, it is interesting that this recess committee can point to a remarkable record of achievement. Of the 19 recommendations, 14 had been written into the laws of the commonwealth by the end of the 1918 session, and two others were carried through in 1919.[1] In the majority

[1] The following is the list of the Recommendations of the Joint Special Committee on Finance and Budget Procedure, with their disposition.

Recess Report	Legislative Report	Disposition
House Doc. 17	House Doc. 3	1918 General Ch. 1
	" " 1164	" " Ch. 10
	" " 1165	" " Ch. 8
	" " 1166	" " Ch. 16
	" " 1195	" " Ch. 151
	" " 1176	Special Acts Ch. 106 (Budget App.)
House Doc. 1185	" " 1413	General Acts Ch. 202
	" " 1434	" " Ch. 189
	" " 1436	" " Ch. 175
	" " 1478	" " Ch. 290
	" " 1511	" " Ch. 217
	" " 1512	" " Ch. 221
	" " 1545	" " Ch. 239
	" " 1528	" " Ch. 244 (Budget System)
	" " 1554	" " Ch. 283
	" " 1555	" " Ch. 268
	Motor Vehicle Fees	Next General Court.
	Land Court Fees	No legislation necessary
	Legislative Manual	No legislation necessary
	Consolidation of Depts.	Ch. 350, 1919 Gen.
	Judicature Commission	Ch. 23, 1919 Gen.

of these cases, the bills as drawn by the recess committee were enacted without amendment.

Among this group of acts there are four that merit special notice here. Chapters 175 and 189 of the General Acts of 1918 increase the control of the supervisor of administration over departmental printing. Under Chapter 296 of the General Acts of 1916 the supervisor already had power to examine and revise the annual reports of state departments. This power was materially extended by the two 1918 acts cited, by requiring that the supervisor shall determine the number of annual reports to be published by each department, and that "case books and technical reports" shall not be distributed free except to a limited group of state officials. In the supervisor was vested the power to determine when reports fell within this group. These acts have made it possible to cut down the appropriations for departmental printing. They have also resulted in establishing an elastic administrative control of departmental expenditures for printing.[1]

The third act of importance is Chapter 221 of the General Acts of 1918. Up until 1918 the armory commission was authorized to spend such sums as it found necessary, including capital outlays for new armories, and to raise the necessary funds by the issuance of bonds.[2] This entire process was removed from any control by the legislature, though the general court was subsequently

[1] Annual Report Supervisor of Administration, 1919, P. D. 119, p. 19.

[2] Acts of 1908, Ch. 604, Sec. 133, as amended 1909, 1912, 1913 and 1917. To November 30, 1918, the expenses of the commission were $5,225,100. (1919 House Doc. 500.)

required to appropriate funds to pay the interest and to retire the bonds. Chapter 221 remedied this situation by requiring the armory commission to submit annual estimates like any other department, and to expend only such sums as are appropriated for its use either from the general fund or from the issuance of bonds when specifically authorized by the legislature.

The fourth act is Chapter 290 of the General Acts. It provides that estimates for new construction or for alterations in permanent structures costing over $5000, including heating, plumbing, lighting and ventilating, shall be accompanied by preliminary studies and general specifications sufficient for a careful estimate by a competent contractor, and by at least one such estimate of the costs involved. This information must be submitted to the supervisor of administration by October 15 as a basis for his budget recommendations to the governor as required by Chapter 244. This act replaced and amended Chapter 520 of 1907. Its importance here is that the detailed information required is to be submitted to the supervisor along with all other departmental requests.

Salary Standardization and the Administrative Control of Appointments and Promotions.

Next to the establishment of the budget system, the most far-reaching administrative reform of 1918 was the enactment of Chapter 228 of the General Laws directing the supervisor of administration to classify "in services, groups and grades according to the duties pertaining to

each office or position" . . . "all appointive offices and positions in the government of the commonwealth, except those in the judicial and legislative branches." [1] This act also provides that the supervisor shall make rules and regulations, with the approval of the governor and council, for the "application and administration of the classification and the specifications established." [2] In order to simplify the budgetary problem, it is provided that no salary increase shall take effect prior to June first of the year for which it is approved.

In accordance with the rather general provisions of this law the supervisor, with the approval of the governor and council, has issued a very definite set of rules and regulations, together with an extensive classification of the appointive positions in the state government and the salary grades within each group. In accordance with these rules and specifications, the supervisor's approval must precede the appointment of state employees, all salary increases, and all transfers and promotions.

Section three of Chapter 228 links the salary standardization up with the new budget system by providing:

> "No salary attached to an office or position classified in accordance with the provisions of this act shall be increased by a department head unless an appropriation sufficient to cover such increase has been granted by the general court in pursuance of a specific recommendation in the estimates filed as required by law."

[1] General Acts of 1918, Ch. 228, sec. 1. [2] *Ibid.*, sec. 2.

Administrative Control of Transfers of Funds Appropriated for State Departments.

It has been pointed out that the Massachusetts appropriation acts contain as a rule lump sum grants. These are based upon the detailed estimates of the departments, and while there is no legal restriction, it has been an understanding that the lump sums appropriated are to be expended in accordance with the detailed estimates presented by the departments to the ways and means committees. The existence of this practice was recognized, and any "transfer" of funds from one estimate item to another in the future was placed under the control of the auditor by Chapter 38 of the General Acts of 1918. This act provides:

> "No transfer of funds from one item of account to another on the books of any officer or board having charge of any department, institution or undertaking receiving an annual appropriation from the treasury of the commonwealth, upon which items of account such annual appropriation is based, shall be made without the written approval of the auditor of the commonwealth."

"Transfer" in this act does not refer to transfers between appropriation items, but solely to transfers within an appropriation item from one estimate item to another. These subitems are not presented or referred to in the appropriations themselves. Genuine transfers from one appropriation to another are illegal in Massachusetts except from the emergency appropriation of the executive department.[1]

[1] See page 36.

While the purpose of this law is to simplify the work of the auditor in keeping track of the appropriation accounts, its importance from a budgetary and control standpoint is clear.

CHAPTER VIII

THE CONSTITUTIONAL CONVENTION AND THE BUDGET

During the summers of 1917 and 1918 the question of a state budget was before the Massachusetts constitutional convention. At the first session, however, the budget resolutions received no consideration in the convention itself for lack of time. The various resolutions submitted received the careful attention of the committee on finance appointed by the convention for this purpose in July, 1917.

Between the first session of the constitutional convention and the second, the legislature established a state budget system by statute, as we have seen in the preceding chapter. While this action by the legislature admittedly provided a budget system satisfactory, as far as it went, to the convention,[1] it was recognized that the legislature could not prevent future legislatures from repealing the budget act, nor could it give the governor the power to veto items. To accomplish these ends, a constitutional amendment was necessary.

I. The First Session of the Convention, 1917

The Budget Resolutions Submitted.

Four separate resolutions were offered in the constitutional convention providing for a budget amendment

[1] See page 151.

to the constitution. The first of these followed closely the budget provision of the rejected New York constitution of 1915, with the important exception that there was to be a state budget committee composed of the governor, the auditor and three appointees of the governor.[1] It was provided that the committee should prepare a budget on the basis of departmental estimates and hearings to be submitted to the legislature by the governor, who was to have the right to appear and defend his budget. The power of the legislature was limited to the elimination or reduction of items except in the judicial and legislative appropriations.

A second resolution[2] required the governor to submit a budget which the legislature might increase or decrease, and required the passage of a single appropriation measure. Additional appropriations were allowed only on the recommendation of the governor or by single item bills passed on roll call by a two-thirds vote. The governor was also given the power to decrease or veto items.

The Maryland budget amendment was copied almost word for word in the third resolution referred to the committee.[3] It provided for a governor's budget, a single appropriation bill, the participation of the executive in legislative debates on the budget, the restriction of the legislature to the decrease of items only, and single-item supplementary appropriations, each providing its own

[1] Convention Document No. 57. Cf. Article V, N. Y. constitution, 1915.
[2] *Ibid.*, No. 275.
[3] *Ibid.*, No. 276.

revenue and to be passed only on a roll call and by a majority of the members elected.

These three resolutions were presented to the convention by Messrs. Ralph L. Theller, James M. Codman Jr., and Raymond P. Dellinger, respectively, all of whom were appointed members of the finance committee.

A fourth resolution, drawn by Dr. Frederick A. Cleveland, and presented by Mr. George F. Willett, represents the most thoroughly worked out executive budget amendment presented before any recent constitutional convention. It is therefore presented here in full.

Governor to Submit Estimate to Legislature.

The governor shall communicate at every session of the general court the condition of the state and recommend such measures as he may judge expedient. Not later than the first week of the regular session of the general court, the governor shall submit to the general court the estimates of expenditures supported by such collateral data as are required to show the financial needs of the departments under his jurisdiction.

Governor to Appear and Explain Estimates.

The governor either personally or by official representation designated by him shall meet with the general court in joint session on such days as shall be appointed for this purpose not less frequently than twice a week to explain, discuss and defend such estimates.

Committee of the Whole Procedure on Estimates.

Upon receiving the estimates the general court shall resolve itself into a committee of the whole house in joint session not less frequently than two days each week, at which time the governor and the executive heads under him may have the privilege of the floor to explain the estimates and items of

appropriations requested, and to answer such questions as may be raised with respect to proposed items and proposed conditions to be attached to appropriations, which sessions or meetings of the general court shall be public.

Separate Votes for Each Organization Unit.

When so sitting, votes shall be taken in the committee of the whole house on the amount requested for each department, bureau, or commission, separately.

Members May Propose Reductions Only.

No amendment to an administrative appropriation bill or item may be offered by any member of either house except to reduce the amount thereof.

Governor to Submit Budget to Legislature.

Not later than six weeks after the beginning of the regular session the governor shall submit to the house of representatives a summary financial plan or budget with an appropriation bill and such revenue and other financial bills as in his opinion may be required, and a copy of said budget and bills shall also be sent to the senate.

Form and Content of Budget.

The said budget shall contain summary statements setting forth:

Actual and estimated revenues and expenditures for a period beginning not less than two years prior to the period to be financed;

The present assets, liabilities, surplus and deficit and the estimated financial condition of the state as of the beginning and the end of the period to be financed; and

The present condition of appropriations and funds and the estimated condition of appropriations and funds as of the beginning and the end of the period to be financed.

With said budget shall be submitted a message in support of bills or measures explaining the administrative financial proposals.

Committee-of-the-Whole Procedure on the Budget.

Upon receiving from the governor the annual budget with his finance bills and any amendments which the governor may propose, each house shall resolve itself into a committee of the whole for the purpose of initially considering administrative appropriations, revenue and borrowing bills.

Governor's Measures to Have Priority.

When administration bills for the appropriating or raising of money shall be reported from the committee of the whole house, they shall take precedence over all other matters.

Other Proposals as Separate Bills Only.

No new subject or item shall be appropriated for except by separate bill which may be independently vetoed by the governor.

Referendum in Case of Deadlock.

In case the general court is unable to agree on an administrative appropriation bill submitted by the governor, either the general court or the governor may call an election for the submission of the issue to the people, at which election, both the general court and the governor shall stand for reelection, and in any event new nominations may be made in the same and under the same conditions as for other reelections.[1]

Hearings before the Committee on Finance.

The committee on finance of the constitutional convention held its hearings on the budget from July 5, through July 11, 1917.[2] During this time there appeared before the committee: Nathan Matthews, Harvey S. Chase, Frederick A. Cleveland, Thomas W. White, A. Lawrence Lowell, Charles E. Burbank, Joseph Walker,

[1] Convention Document 277.
[2] Journal of Committee on Finance, p. 4, 19.

Benjamin Loring Young, Joseph E. Warner, James W. Bean, Francis X. Tyrrell, and David I. Walsh. Governor McCall, who was informed "That the committee would be pleased to hear his views upon the budget," did not appear.[1]

Of these twelve men, ten were in favor of a governor's budget, one was on the fence, and one opposed; nine believed in allowing the governor to defend his budget in the legislature; five were for limiting the legislature to the decrease of items only, and no one expressed himself as opposed to the governor's veto or reduction of items, though several did not discuss the point.[2]

The testimony of A. Lawrence Lowell, following that of Frederick A. Cleveland, is especially interesting. Dr. Cleveland had argued in support of his simon pure executive budget patterned after the English system. He made it perfectly clear, however, that a thorough reorganization of the executive departments was a prerequisite to the introduction of an executive budget.[3] He believed that such a reorganization coupled with an executive budget and the provision for an appeal to the people in case of a deadlock would produce responsible government in Massachusetts.

Dr. Lowell introduced his remarks by a brief historical sketch of American financial administration, laying special emphasis on its British origins, and its fundamental reform as the result of the establishment of a popularly

[1] Journal of Committee on Finance, p. 11.
[2] *Ibid.*, p. 4 to 19.
[3] *Ibid.*, p. 6, 7.

elected governor. As the result of this fundamental difference, he concluded: "The English system and ours are not the same and cannot be run in the same way. We cannot put into practice the same initiative of legislation which the English have." [1]

Dr. Lowell then argued for the adoption of a budget system in harmony with American institutions. He believed that the governor who is elected by all the people is in a better position to prepare a budget than the legislature or a budget committee. He felt it necessary and unobjectionable to have the routine work on the budget done by a permanent staff agency, but made it clear that this should be revised by the governor and submitted to the legislature as *his* budget. Dr. Lowell argued that it is "against the essence of the budget system" to allow the legislature to increase items. He recognized, however, that there should be an "outlet" for private petitions and members' bills, and while he did not commit himself, he appeared to favor the Maryland restriction.[2] This testimony of Dr. Lowell's follows in all essentials his opinions expressed before the committee on finance of the New York constitutional convention in 1915,[3] though at that time he said, in reply to a question on ways of eliminating a deadlock between the governor and legislature:

> "I could invent various ways of getting rid of that. Of course, if worse came to worse, we would have a reelection

[1] Journal of Committee on Finance, p. 8. [2] *Ibid.*, p. 9.
[3] Bureau of Municipal Research Bull. No. 62, p. 393 ff.

of either the Governor or the House, if the term ran for some time. You could provide a certain minimum of expenditures in some way; but if you shake the people up in a box they would generally agree, because neither party would want to keep the State of New York without expenditures." [1]

Report of Finance Committee.

After some discussion of the four suggested budget amendments in the light of the testimony, the committee on finance of the Massachusetts constitutional convention decided unanimously that the budget amendment "should be general in form and that detailed procedure be left to legislation." [2] In conformity with this decision a committee of three was appointed to draft a new amendment following the general lines of Mr. Codman's resolution.[3] An attempt to instruct the subcommittee to limit the power of the legislature to the reduction or elimination of items failed after "lengthy discussion." [4]

The subcommittee reported a resolution of but thirty-nine lines providing for:

1. The deposit of all receipts of the commonwealth in the treasury, and the expenditure of moneys solely in accordance with specific appropriations.

2. The governor's submission of a budget at the beginning of the legislative session and supplemental budgets later, if necessary.

3. The participation of the governor or his representatives in budget debates.

[1] Bureau of Municipal Research Bull. No. 62, p. 421. [2] Journal, p. 12.
[3] *Ibid.*, p. 12, 13. Messrs. Parkman, McCaffrey and Theller formed the subcommittee [4] Journal, p. 12.

4. A single appropriation bill with precedence over all other appropriation bills.

5. The right of the legislature to increase or decrease items.

6. The limitation of appropriation bills not recommended by the governor by requiring for passage a majority vote on roll call of all the members of each chamber and a provision of revenues in each bill to meet the expense involved.

7. The veto or reduction of appropriation items by the governor.

This report of the subcommittee was discussed at length on July 12, when a number of minor verbal changes and rearrangements were made. The participation of the governor in legislative debate on the budget was taken for granted. An attempt to exclude subordinate executive officers on the grounds of "lack of dignity in proceedings which might result" failed by a three to eleven vote.[1] The only serious difference of opinion arose on the provision allowing the legislature to increase items in the budget. After a "long discussion participated in by every member" it was decided seven to five to adopt the provision as it stood.[2]

Because of the relation between the budget and the reorganization of the executive departments, the committee on finance decided to secure the informal opinion

[1] Journal, p. 21.

[2] *Ibid.* Dissenting: Ferry, Lowe, Dellinger, Theller and Fiun. Absent: Hoit and Putnam. Presiding: Parkman. Hoit and Parkman agreed with the majority (Journal, p. 24). Putnam was absent throughout.

of the committees on state administration and on the executive on its tentative draft of the budget amendment. This action was taken in place of a suggested joint effort by these committees on executive and budget matters because of the "disadvantages to be expected from entangling the work of this committee [committee on finance] with the more contentious subjects before the other committees [state administration and executive]." [1] The budget amendment "met the general hearty approval" of the other committees, however, and was finally and formally adopted on July 16 with five members dissenting on the clause which left with the legislature the power to increase items, and one "reserving his rights" on the requirement of a special majority for the passage of private appropriation bills.[2]

II. The Second Session of the Constitutional Convention 1918

Committee Report before the Convention.

The committee on finance of the constitutional convention completed its amendment on July 17, 1917.[3] It was not till July 10, 1918, however, that the amendment was given its second reading. At this stage five amendments were moved. Two of these were textual, a third extended the last date for the presentation of the budget from three weeks to two months after the convening of the legislature, a fourth made provision for a

[1] Journal, p. 21. [2] *Ibid.*, p. 24.
[3] Convention Doc. No. 325, Conv. Journal, p. 99.

"vote on account" pending the passage of budget appropriations, and a fifth, by Mr. Dellinger, limited the power of the legislature solely to decreasing or omitting items in the governor's budget.[1]

The vote on these amendments came up on the following day after a protracted session on the compulsory voting amendment during which two rolls were called. As a result of efforts by the committee on finance, all amendments were withdrawn with the exception of that extending the last date for the presentation of the budget, which was rejected 19 to 82; and one of the committee's textual changes, which was adopted.[2] With this single inconsequential change the amendment was passed, and ordered to a third reading. At this stage there was very little interest evinced. Half of the convention delegates present left their seats for the lobby as soon as the compulsory voting fight was over and the budget amendment taken up.[3]

Debate on the Executive.

Between the second and the third readings of the budget amendment a protracted and bitter debate on the executive took place. This debate and the votes taken at the time have an important bearing on the subsequent consideration of the budget amendment and therefore deserve consideration as a part of the debate on the budget.

[1] Convention Journal, p. 752, 753. [2] *Ibid.*, p. 760.

[3] *Ibid.*, p. 759. 222 voted on the compulsory voting amendment, and but 101 on the budget.

Recommendations of Committee on the Executive.

In making its report, the committee of the constitutional convention on the executive stated that:

> "The primary purpose of the amendments now reported is to integrate our state government as an organic whole and to introduce effective responsibility into all its workings, — responsibility to the governor so far as honest and efficient administration is concerned, responsibility to the legislature in respect to observance of the laws which it passes and the proper expenditure of the public money which it appropriates."[1]

This required that the governor be the head of the administration and that his "advisory but potent influence in shaping legislation" be recognized constitutionally. For, in the words of the committee:

> "However faithfully and ably a legislative body may perform its duties, it cannot supply the element of political leadership, of responsible initiative; its very numbers, its very method of election by a large number of constituencies, prevent this. The executive alone represents the whole body of the people because he alone is elected by and is responsible to them; in state government it is therefore chiefly to the governor that the people look for improvements or reforms, whether these are to be secured by administrative or by legislative means. They expect him to put forward and to push to success legislative policies of his own, — not merely to content himself with ceremonial and supervisory duties.
>
> "This tendency in our political development now calls for corresponding constitutional changes, particularly needed in this state, in order that through formal recognition this newer function of the executive may be made more effective for good and at the same time subject to greater publicity and

[1] Convention Doc. 311, p. 10.

responsibility. If the governor is to be in fact a leader of political thought, an initiator of progressive measures, or even an authoritative party leader, it is certainly desirable to recognize these conditions and to provide more fully for the powers and responsibilities which should accompany such a development of the executive function.

"This can best be accomplished by giving formal recognition to the extra constitutional relations between the executive and legislative departments which now exist to so considerable an extent in fact." [1]

The specific amendments recommended [2] by the committee were:

1. All state officers and employees not in the judicial or legislative departments "shall be under the authority and control of the governor, and all such officers without exception shall furnish him with any official report, information or opinion which he may require."

2. The governor may remove for cause after notice and hearing any officer subject to his appointment.

3. The term of office of the governor and lieutenant governor shall be two years.

4. The governor shall deliver a message to the legislature at the beginning of each regular session and at any other time, and "so far as practicable he shall accompany any specific recommendations with drafts of bills." These are to be known as "executive bills," and must be reported on by legislative committees within thirty days, and given precedence in the legislature, and can only be rejected on a roll call.

[1] Convention Doc. 311, p. 12, 13.

[2] *Ibid.*, No. 311.

5. In case the legislature refuses to pass or amends an "executive bill," the governor may submit it to the people at the next state election. Similarly, bills passed over the governor's veto may be submitted to the people by the governor provided he takes the necessary action within thirty days to secure the submission. If vetoed bills fail of subsequent passage over the veto the measure may be submitted to the people by a majority vote in the legislature.

6. "The governor may at any time attend a session of either branch of the general court and speak upon any pending bill. Upon the written request of the governor any executive or administrative officer shall be admitted temporarily to a seat in either branch of the general court with the right to speak upon any matter coming within or under his official authority, but without a right to vote; and upon the request of either branch made to the governor any such officer shall appear in person before it."

7. The governor may return to the legislature any bill laid before him for signature with the recommendation that it be amended by the adoption of specific changes. Such an amendment can be rejected only on a roll call. The governor may also amend bills by striking out portions, which can be replaced only by a two-thirds vote.

8. The succession of officers, in case of the death, absence or incapacity of the governor and lieutenant governor shall be: secretary, attorney-general, treasurer, and auditor.

The committee took special care to point out in its statement in support of the amendments that these recommendations should be considered with the budget amendment, for "state finance in its broad aspects, and the establishment of a budget system, are certainly related very closely to the position of the chief executive in the government of the state and the authority which is to be vested in his office." [1]

Debate in the Convention.

The convention took up these recommendations in logical rather than numerical order.[2] As a result the second matter to be discussed, and the one which interests us most directly, was the amendment authorizing the governor and his subordinates to appear in the legislature and to take part in debate.

The discussion was opened by Josiah Quincy, chairman of the committee on the executive. He summarized what he had to say in the sentence, "The whole object is to bring these two branches of government, which now operate very often too much at arm's length, with too little understanding on the part of each of the position of the other, into closer relations." [3] On the specific question of the appearance of the executive to discuss measures in the legislature he said:

> "The personal appearance of the man who backs up the proposal will, to my mind, tend, without bringing either authority under the domination of the other, to bring these two

[1] Convention Doc. 311, p. 8, 9. [2] Convention Debates, Vol. 97, p. 92.
[3] *Ibid.*, p. 106.

authorities, legislative and executive, into more efficient working relations with each other." [1]

Martin Lomasney, the well-known leader of a faction of the Boston Democrats, led the attack on the proposed amendments. He was ready at all times to interpose critical questions, and to call up concrete instances of friction between the governor and the legislature. The following excerpts indicate his position:

"This scheme is one to put into the hands of one man, who may not belong to any party, the power to interfere in this powerful and dangerous way with the workings of the legislative department. It is a scheme, it seems to me, to put a premium upon demagogues in the governor's chair. . . ." [2]

"I suggest that this proposal will create in this state for the first time under our constitution party government inside these legislative walls after the members have left party government behind on inauguration day when they took their oath of office. And that is one of the worst features of the bill. . . . A governor reaches members of the legislature who are of his own party and he often appeals to them to assist him because it might affect his political fortunes in the fall. And you are now starting to put that partisanship into the constitution.

"I do not believe in having our governor the recognized party leader in the legislature, so that everything that is done there shall be done with the idea in mind of what effect it will have on his political fortunes." [3]

In view of Mr. Lomasney's position that the right of the executive to debate measures in the legislature "will create in this state, for the first time since the constitution, party government," the remarks of Mr. Kinney

[1] Convention Debates, Vol. 97, p. 110. [2] *Ibid.*, p. 174.
[3] *Ibid.*, p. 120, 122.

deserve attention. Mr. Kinney opposed the amendment because "policies should not emanate from the governor, but from the people." [1] He said further:

> "I believe in party government . . . and it is this tendency to get away from party government, the tendency in this bill to permit the executive, after he has once been elected, to force his own individual policies on to the commonwealth, if possible, which I believe would ultimately destroy democracy." [2]
>
> "This bill will be destructive of party government. In case this bill becomes operative you will encourage executives to leave their party principles and to formulate individual policies." [3]
>
> "If you are going to put into effect the system of government this bill is permeated with in every line, you are going to destroy legislative government, representative government, and substitute for it an elective autocracy, which to my mind is absolutely destructive of the fundamental principles of democracy." [4]

The voices raised in favor of the amendment were few and unimpassioned. Mr. James A. Lowell alone openly attacked the sacred "separation of powers." He not only criticised it as unworkable, but maintained that it was practically non-existent. He regarded the amendment as necessary to make the governor a real political figure. He added,

> "If we give to the governor this authority, and more I hope, we shall make the office open and attractive to the leading spirits of the state anxious for a political career." [5]

[1] Convention Debates, Vol. 97, p. 140. [2] *Ibid.*, p. 144.
[3] *Ibid.*, p. 155. [4] *Ibid.*, p. 148. [5] *Ibid.*, p. 137.

Amendments Voted Down.

The vote on the amendment authorizing the executive to appear in the legislature showed but a handful in its favor. On a standing vote 37 voted in its favor and 124 against.[1] The convention was clearly opposed to giving up the time-honored mask of "separation of powers."

The general attitude of the delegates toward the governor is also indicated in their defeat of every other amendment reported by the committee on the executive, except the two providing for the succession of office and the return of bills by the governor with recommendations, from which the clause requiring a roll call in case of the rejection of the governor's amendment was eliminated.[2] The program of the committee on the executive was completely rejected in spite of the fact that it was the unanimous report of a group of men who had to their credit not only service in the executive department, but also nineteen years in the legislature.[3]

Committee on Finance Changes Its Mind.

As a result of the discussion of the budget amendment on its second reading and as a result of further reflection, the committee on finance presented two important amendments when the budget amendment came up for a third reading on August 1, 1918. These made the following changes:

[1] Convention Debates, Vol. 97, p. 187.
[2] Amendments passed by Constitutional Convention, p. 11, 13.
[3] Convention Debates Vol. 97, p. 97.

1. The requirement that all funds "received on account of the commonwealth from any source whatsoever shall be paid into the treasury of the commonwealth and no money shall be paid out unless specifically authorized by the general court" was dropped because there were found to be so many advisable exceptions such as the payment of judicial salaries, interest and debt obligations, and many other debatable special revenues and payments.[1]

2. The right of the governor to designate a representative to appear before the legislature in support of the budget was eliminated. This was done, as Mr. Theller said on the floor of the convention: "Because, to put it in plain words, we were afraid the governor, who should be responsible for the budget, would make some minor officer the 'goat' of something the governor had put in the budget. For that reason there was included in the proposed scheme only this: that the governor may come before the legislature." [2]

Debate on the Budget.

The fight on the powers of the governor was still fresh in the memory of the convention when the budget amendment was given its third reading. It stirred the embers again and rekindled the smoldering fires.

Martin Lomasney again sprang to the attack. He was opposed to any increase of the governor's power, to his participation in legislative debate, to any restriction of the legislature in the initiation or passage of appropriation

[1] Report of Parkman, Convention Debates, Vol. 107, p. 130.
[2] Convention Journal, Vol. 108, p. 26.

measures, and above all to the removal of the section of the committee's original report requiring all moneys received to be paid into the treasury and to be disbursed only on specific authorization by the legislature. "Is it not of more consequence," he asked, "to have that restriction inserted in the bill than it is to have the governor come in and talk to the legislature, breaking down the separation of our legislative, executive and judicial system?" [1]

Mr. Charles L. Underhill opposed the section allowing the governor to discuss appropriations in the legislature, illustrating his points with incidents from the administration of Governor Walsh. Mr. Samuel W. George took the same tack, illustrating his arguments with incidents from the administration of Governor Foss. The following from the convention debates[2] is of interest, especially in connection with chapter IV above:

> Mr. George: . . . We had at that time elected a business man for governor. He had inherited a big plant over in Jamaica Plain, and he regarded himself a big business man; that is, he admitted it. He was a learned man. I know he was a learned man, because he was in Congress at the time, and after he was elected governor he thought he could hold both jobs, he found that he could not do that; then he thought when he became governor he could appoint his successor in Congress. That is additional evidence of intelligence. He could not do that. Then he thought he could elect a United States Senator. Well, he did not do that. Finally, he thought he ought to have a budget system and a board of economy and efficiency to assist him. The Legislature passed a law to au-

[1] Convention Debates, Vol. 107, p. 135. [2] *Ibid*, Vol. 108, p. 8, 9, 10.

thorize the auditor to use this very system that we are about to adopt, by sending the annual estimates to the governor and council the latter part of December. I think it was in the year 1911 that this well-equipped business governor was to supervise the financial operations of our state appropriations.

Mr. Brown: Mr. President.

Presiding Officer: Does the gentleman yield?

Mr. George: Certainly.

Mr. Brown: Merely to ask the gentleman if he was speaking strictly by the card when he said the governor wanted that budget system, or was it put over on him? Did the governor ask for it, or did the legislature think they had him and put it over on him? My best memory is that the legislature put it over that governor and thought they had the best of him.

Mr. George: Mr. President, I don't know whether the governor "had" the legislature, or the legislature "had" the governor. If the legislature "had" the governor they didn't have much. But I say this: that the governor advocated a board of economy and efficiency to consider what? To consider the budget. He made it an issue, and he took it before the people, and he said it would be a great thing if he only had a board of economy and efficiency, or efficiency and economy, I don't know which one it was. Now let me tell you they *had* it. We finally created the board of economy and efficiency and the expenses of our state government increased from $14,269,000 in 1911 to $20,312,000 in 1915. I don't know what the increase would have been if we hadn't had the board of economy and efficiency, but that was a fairly good increase under the new system. The upshot of it was that the legislature said: "We will give the governor, being a business man, an opportunity to advise the legislature," so this great document, which is sent in as Document No. 1, was referred to the governor. He employed several certified accountants, and they drew several thousand dollars from the treasury. He

kept appropriation bills back, as he did not know what to do with them. He never had any experience. A man might be a very successful man in managing a blower factory, or running a cotton factory, but he did not know anything about the state departments, so he employed other men who did not know any more than he did, except that they were certified accountants, and after spending $30,000 or $40,000, I think the last recommendation came into the legislature on April 23, and they kept the legislature hanging here back and forth, delaying public business. Finally after two or three years trial, the law was repealed. Now we are asked to make this same system a part of our Constitution.

* * * * * * *

Certainly you don't intend to say that the governor of Massachusetts is going to run into the legislature every day or two and discuss with the legislature an appropriation bill. Why that is an absurdity. He ought not to do it. He ought not to be allowed to do it. If he was allowed to do it he would only do it for political purposes, that is all. Somebody would want him to go in and advocate a certain appropriation, and if he thought there were any votes in it, he would go in and advocate it, if he thought there were any votes to go in and oppose it, he would go in and oppose it.

Arguments in Support of the Budget.

The action of the legislature in 1918 in approving the budget bill of the joint special committee on finance and budget procedure made any discussion of the advisability of the adoption of the budget system beside the point. This was specifically stated by Mr. Parkman at the opening of the discussion,[1] and was tacitly admitted by all of the speakers.

[1] Convention Debates, Vol. 107, p. 130.

In spite of the fierce opposition to "administration bills" in the debate on the executive, no voice was raised against the preparation and submission of the budget by the governor except that of Mr. George. When issues had become badly confused Joseph Walker went so far as to say:

> "I imagine that this convention really wants, if possible, to provide a proper budget system for the commonwealth of Massachusetts. I imagine an overwhelming majority of this convention want to do it. This matter has been agitated more or less, and I yet have failed to find a citizen of the commonwealth who does not say that he is in favor of the budget system — the executive budget — and does not hope that the convention will work out some system." [1]

At another point in the debate, Mr. Walker wrung from Mr. Lomasney this characteristic but significant statement:

> "I deny that statement. I rise to a question of privilege. I deny that statement absolutely. I am in favor of a budget system." [2]

Mr. George B. Churchill also supported the budget amendment. He opened his remarks by saying:

> "We have before us one of the most important problems that has been presented to this convention. In my opinion a satisfactory solution of this problem is one of the most desirable things in our convention." [3]

These excerpts indicate the position of the vast majority of the members of the convention. The only obstacles

[1] Convention Debates, Vol. 108, p. 36. [2] *Ibid.*, Vol. 108, p. 39.
[3] *Ibid.*, Vol. 108, p. 62.

in the way of the adoption of a budget amendment lay in the difference of opinion as to the details which should be placed in the constitution. Once Mr. Lomasney's main point had been disposed of by reinserting the phrase that "All money received on account of the commonwealth from any source whatsoever shall be paid into the treasury thereof," [1] there were two well-defined groups in the convention. The first believed in placing the responsibility for the budget squarely on the governor, which made necessary the limitation of legislative activity in financial matters; the second opposed any increase of the influence of the governor, especially at the expense of the legislature, and consequently believed in a budget system which divided the responsibility between the legislature and the governor. As no roll was called on this issue it is impossible to make an accurate analysis of the two groups. It is in general true, however, that the Boston Democrats and delegates of legislative experience formed the second group, while progressive Republicans and non-Boston Democrats composed the first. These divisions were far from hard and fast, however.

Those in favor of an executive budget were led on by the dissenting members of the committee on finance.[2] Mr. Theller said in the course of his remarks:

> "You are introducing an executive budget; you are trying to fix responsibility; and every time you put your finger on the man that makes the proposals and make him justify them, you are simply putting another safeguard around them, and

[1] Amend. XVI, Sec. 1, Convention Journal, p. 830. [2] See page 137.

> you are also doing a thing which sometime we are eventually going to do — remove part of the separation of powers, and make it a cooperation of powers and departments."[1]

Mr. Dellinger made two attempts to secure amendments to prevent the legislature from increasing the governor's budget. The first was an absolute restriction, while the second provided merely that the legislature "shall not increase or add items . . . except by a vote by the yeas and nays."[2] Without such a provision, Mr. Dellinger said:

> "The governor can well say, 'I will only submit a plan, I will not submit a real budget, but I will submit a plan,' and divide the responsibility with the legislature, while if the legislature is allowed to increase or add items only by a call of the yeas and nays, then the responsibility will be much more on the governor to prepare a correct budget, and also the responsibility will be placed on certain members of the legislature. We will know just who is to blame for increasing or adding items to the budget. The best budget system in this country, and the one mentioned before, the one in England, probably the best budget system in the world, does not allow Parliament or the lawmaking bodies in this country, to increase or add items. I believe that we should have such a budget system in this state, but a goodly number of the members of this convention seemed to be opposed to going that far. Therefore my amendment, which is about half as strong as my original amendment, the one that I offered at the other stage, is probably as far as they would go."[3]

Even the innocuous amendment proposed by Mr. Dellinger was rejected. The vote stood 50 for and 73

[1] Convention Debates, Vol. 108, p. 27. [2] *Ibid.*, Vol. 107, p. 147.
[3] *Ibid.*, pp. 149, 150.

against.[1] This ended the attempt of those in favor of an executive budget to secure a strengthening of the proposed amendment.

An attempt in the opposite direction also failed. Mr. Avery proposed to substitute for the amendment recommended by the committee on finance the following:

> "The general court shall establish a budget system. The governor shall have authority to veto items or parts of items in loan or appropriation bills." [2]

Mr. Avery was so confident that his amendment could command a majority vote that he forced the matter to a roll call at the close of a protracted afternoon session. The vote however stood 72 for and 89 against.[2]

The issue raised in this vote was far from clear. It did not involve the issue between the executive and the legislative budget. Most of the friends of the budget system voted against the motion, however, and most of the enemies of executive power voted for it. An analysis of the vote shows:

	For	Against
Republicans	39	62
Democrats	31	24
Independents	0	2
Progressives	0	1
Socialists	1	0
Laborites	1	0
Total	72	89

[1] Convention Debates, Vol. 108, p. 77.

[2] *Ibid.*, p. 89.

There were 159 members absent. Of the 39 Republicans favoring the amendment, 2 were from Boston, of the 31 Democrats, 18 were from Boston.

Mr. Underhill's amendment, depriving the governor of the right to defend the budget, was adopted on a voice vote, the issue having been settled in the earlier debate on the executive. Even the friends of the executive budget conceded that a fight on this issue was hopeless and might jeopardize the entire amendment. An amendment by Mr. Hobbs, making it easier to pass private appropriation bills by striking out the requirement of a roll call and a majority vote of all members, also carried 78 to 42 on a standing vote.[1] With these changes and two textual improvements, the budget amendment was referred to the committee on form and phraseology.[2] The suggestions of this committee on phraseology were adopted without opposition,[3] and the convention voted on August 20, 1918, to submit the budget amendment to the people for ratification or rejection.[4]

The Convention's Address to the People.

On the closing day of the second session of the constitutional convention, Ex-Governor John L. Bates, the president of the convention, summarized in an unimpassioned and non-partisan style the work of the convention. This statement was issued to all registered voters as "an explanatory statement of the amendments to be submitted

[1] Convention Journal, p. 830. [2] *Ibid.*, p. 832.
[3] *Ibid.*, p. 870. [4] *Ibid.*, p. 891. For text of amendment see Appendix.

to the people." [1] In this statement each amendment is briefly described together with the reasons for its adoption by the convention — where this could be done without partisanship. The following is the section dealing with the budget amendment:

> "At the last session of the General Court an excellent statute was enacted providing for a State budget system. The Convention, however, has deemed it wise to recommend a constitutional provision on the subject because certain essential features of a satisfactory budget system are not at present within the power of the General Court to provide. Such a system should require that the Executive, who is responsible for carrying on the business of the State, should ascertain the needs of the State departments, should learn what revenues are available and should recommend to the General Court a systematic plan covering both the revenue and the expenditures of the ensuing year. The budget bill enacted by the Legislature last April makes adequate provision for these features, but since the General Court after considering the recommendations of the Governor may enact a general appropriation bill widely different from that recommended by the Governor, he should be empowered to act independently upon each item of the bill, and not be compelled to accept or reject the measure as a whole. The veto power of the Governor, as now limited in the Constitution, does not permit this and hence the Convention recommends the adoption of this amendment setting forth the outlines of a budget system and authorizing the Governor to act on each item in an appropriation bill as if it were a separate measure. This plan will commend itself to the sound business sense of the people." [2]

It is interesting to note that Mr. Bates gives the budget amendment twice as much space as any other amend-

[1] Amendments passed by the Constitutional Convention, p. 15.
[2] *Ibid.*, p. 18.

ment, with the exception of that providing for biennial elections, and that he goes so far as to endorse the budget act of 1918, to outline the principles of a budget system and to advocate writing it into the constitution.

Ratification by the People.

The vote on the amendment was very light indeed. There were eighteen other amendments submitted at the same time, and, in addition, it was a state election and an election for United States Senator. The total number of votes cast for governor was 422,370; the total for senator, 417,842; and the total number of persons voting was 429,447.[1] As was expected, the heaviest vote cast on any amendment was brought out by the initiative and referendum amendment, on which 96,698 blanks were nevertheless cast. Though the budget amendment was sixteenth in the list of nineteen amendments, and adjacent to that providing for biennial instead of annual elections, it received the lightest vote at the election without exception. A total of 192,407 blanks were cast, distributed among the counties in varying proportions.

The vote on the 19 amendments submitted to the people by the constitutional convention in November, 1918, is shown in the table on the following page.

It will be seen that every amendment was carried by a substantial majority, and that the budget amendment ranks among the four receiving the fewest opposing votes.

[1] Calvin Coolidge, Governor; David I. Walsh, Senator. From record of votes issued December 11, 1918, by the council; Public Document 43, 1918.

POPULAR VOTE ON CONSTITUTIONAL AMENDMENTS, 1918[1]

AMENDMENT	YES	NO	BLANK
Initiative and Referendum	170,646	162,103	96,698
Public Interest in Natural Resources	172,111	102,768	154,568
Regulation of Advertising	193,925	84,127	151,395
Preservation of Landmarks	183,265	81,933	164,249
Adjournments of General Court	147,104	100,552	181,791
Militia Officers	155,649	91,686	182,112
Governor as Commander-in-Chief	155,114	84,822	189,511
Order of Succession	172,125	78,245	179,077
Governor's Recommended Amendments	164,499	76,972	187,976
Women Notaries Public	153,315	105,591	170,541
Retirement of Judicial Officers	156,796	86,023	186,628
Revocation of Franchises	161,833	79,787	187,827
Building Zones	161,214	83,095	185,138
Compulsory Voting	134,138	128,403	166,906
Lending State Credit	153,972	90,233	185,242
BUDGET SYSTEM	155,738	81,302	192,407
Biennial Elections	142,868	108,588	177,991
Recess Committees	152,800	87,009	189,628
Executive Reorganization	158,394	81,586	189,467

Analysis of Vote.

The following tabulation shows the comparative extent of interest shown in the counties as evidenced by the percentage of those voting who voted on the budget amendment. The counties fall into the following three groups:

Group I. Most interested counties, in which the blank votes were 45 per cent and below: Bristol, Essex, Hampden, Middlesex, Norfolk, and Suffolk.

Group II. Less interested counties, in which the blank votes were 46 per cent and 47 per cent: Barnstable, Berkshire, Hampshire, and Worcester.

[1] The amendments are presented in the order in which they appeared on the ballot. From the official return of votes as issued by the council, December 11, 1918.

Group III. Least interested counties, in which the blank votes were 48 per cent and above: Dukes, Franklin, Nantucket, and Plymouth.

The lowest percentage of blank votes was 42 per cent for Middlesex, and the highest, 58 per cent for Nantucket.

The six most interested counties represent the predominantly urban sections of the state. They contain all but one of the ten largest cities,[1] and over 76 per cent of the total population. The density of population in each of the six most interested counties is greater than that in any of the remaining counties. The density of population and the assessed wealth in the three groups is:

	Population per Square Mile	Assessed[2] Wealth
Group I (most interested)	961	$4,474,685,415
Group II (less interested)	188	716,605,209
Group III (least interested)	141	244,914,060

There were three counties, Dukes, Franklin and Nantucket, which returned a majority against the adoption of the budget amendment. These three counties are the three ranking at the bottom of the list in density of population. Their combined population per square mile is but 66. They also represent three of the four least

[1] Worcester. Blank votes in the city of Worcester itself were but 40 per cent. Public Document 43, 1919.

[2] N. B. this is the "assessed wealth," and fails to include a large part of the intangible wealth, most of which is concentrated in the group one counties.

interested counties in the vote on the budget amendment.[1]

An analysis of the vote on the budget amendment by cities and towns shows a similar situation. The following table shows the number of towns, by population groups, voting for and against the budget amendment:

VOTE BY CITIES AND TOWNS ON BUDGET AMENDMENT

POPULATION CLASS	MAJORITY FOR BUDGET	MAJORITY AGAINST BUDGET	TOTAL NUMBER OF CITIES & TOWNS
5000 and below	106	133	239
5000 to 10,000	47	6	53
10,000 to 30,000 . . .	34	1	35
30,000 to 100,000 . . .	18	1	19
Above 100,000	6	1	7
Total	211	142	353

The population of the 211 cities and towns in which a majority vote for the budget amendment was cast was 3,308,580, or 90 per cent of the total population of the state. The chief opposition to the budget came from the small towns and the support from the cities.[2]

In spite of the extraordinarily light vote on the budget amendment in comparison with the other eighteen amendments submitted at the same election, such a comparison also shows that there were but eight amendments that carried with a larger percentage majority. It is also of interest that the budget amendment was defeated only in the three counties which defeated every other amend-

[1] Population and density figures are from the 1915 Massachusetts Census, Table 11; Wealth figures from 1916 apportionment.

[2] 1919 Public Document 43; State Census of 1915.

ment. There were but six other amendments which received a majority vote in all but these three conservative ultra-rural counties; the initiative and referendum amendment was carried in but two counties, Suffolk and Plymouth; and the compulsory voting amendment, which preceded the budget on the ballot, was carried in but four.[1]

From these facts it is clear that the people as a whole had very little interest in the budget amendment; they had less interest in it than in any other amendment submitted at the fall election. In spite of this marked apathy, there was considerably more interest in the budget in the populous urban sections than in the rural counties, and the only counties to return a majority against the budget amendment were the three most rural counties of the state, counties which voted against every other amendment submitted. Few cared about the budget and those few lived in the cities. It was their votes that placed the budget amendment in the constitution of Massachusetts.

[1] Record of Votes issued December 11, 1918, by the Council. Public Document 43, 1919.

CHAPTER IX

EXPERIENCE WITH THE BUDGET IN 1919

THE experience of Massachusetts with the budget in 1919 is significant, as it represents the first year under the budget law enacted by the 1918 general court as well as the first year under the 1918 budget amendment to the constitution.[1] These two budget provisions, one of law and one of the constitution, were prepared and carried to enactment and ratification by two overlapping groups of men who acted at all times in thorough harmony. As a result the two provisions dovetail into one another without a seam. The budget amendment of the constitution adds materially to the budget law in the sections dealing with appropriations and the veto of items; while the budget law supplements the constitutional provision in the sections dealing with the form and content of the budget and its preparation by the supervisor of administration.

Form of Estimate Blanks for State Departments.

The estimate blanks issued to the departments and institutions in 1918 for the 1919 budget were prepared by the supervisor of administration. They follow in the main the blanks as previously issued by the auditor, though considerably more classification and detail is

[1] Constitutional Amendments 1918, No. 16; General Acts 1918, Ch. 244.

required in the estimates for personal service, and a more systematic grouping of estimates for foods, except in the normal schools, is furnished.

In conformity with sections 1 and 2 of the budget act, one set of estimate sheets is prepared for maintenance and other ordinary expenses already authorized by law and another set for extraordinary expenses, for capital outlays, and objects not as yet authorized by law. Because of the essential difference between the information required concerning the maintenance of departments and of state institutions a separate set of blanks is used for the two. In the case of normal schools still another set of blanks is provided. Briefly these blanks are as follows:

1. Estimate Blanks for Maintenance.
   a. Departments, Boards, Commissions and other non-institutional agencies of the Commonwealth.
   Estimates on six forms, showing,
   Form 1. Name of department, total estimate, signature.
   Form 2. Classified estimate for personal services, showing total salary roll at beginning of previous year, with total changes due to salary increases or to new positions or to elimination of old positions or to vacancies; and showing proposed changes for the coming fiscal year for salary increases, filling positions now vacant, new positions, and temporary service.
   Form 3. Supporting details for Form 2, giving each salaried officer or employee separately with official classification, present rate of salary, proposed increase, and the amounts required for new employees.
   Form 4. Detailed estimates for office and incidental expenses, showing separately, books, maps, expressage, postage, printing, etc., including typewriters and

other machines. The amounts expended the previous year are required in a parallel column.[1]

Form 5. Detailed estimates for traveling and other expenses classified to show purposes of travel, means of travel, etc., together with the expense of the previous year. Estimates for other expenses are itemized by the department to fit its individual needs.

Form 6 (which is attached to and forms the second sheet of form 1). Summarizes the estimates presented on forms 2 to 5, cites the statutory authority for each group, and presents for comparison the last appropriation similarly classified.

b. Hospitals, Insane Asylums, Prisons, and all other institutions except Normal Schools.

Estimates on 36 forms:

Form 1. Name of institution, total estimate, signature.

Forms 2 to 24. Classified estimates for personal services with supporting details, same general form as form 2 for departments. Each of the following groups are segregated, with two blanks apiece: medical staff, administration, kitchen and dining room service; domestic service, ward service male, ward service female, industrial and educational, engineering, repairs, farm; stable, garage and grounds; and religious instruction. This last has but one blank.

Form 25. One page summary of forms 2 to 24 with comparative appropriation allotments for each service.

Forms 26 to 35. Detailed estimates each on a separate form for: travel, transportation and office expenses; food; clothing and clothing materials; furnishings and household supplies; medical and general care; heat, light and power; farm and stable; grounds;

[1] As the year previous to the year for which estimates are offered does not close till a month and a half after the estimates are due, the expenses of the previous year are made up from 9 months' actual and 3 months' estimated expenses.

repairs, ordinary; and repairs and renewals, not recurring annually. Expenses for freight, contract services, and other distributable expenses, including extra service, are apportioned under each head. New boilers, new engines, etc., are included under repairs, not recurring annually.

Form 36. (Attached to form 1.) Summary of forms 25 to 35, with statutory authorizations and previous appropriation.

c. Normal Schools.

Estimates on 17 forms, as follows:

Form 1. Name of Normal School, total estimate, signature.

Forms 2 and 3. Personal services, classified and in detail as on forms 2 and 3 of departmental estimates.

Forms 4 to 11: Detailed estimates, each on a separate form for: travel, office and other expenses; normal school supplies; training school supplies; furnishings; heat, light and power; grounds; repairs, ordinary; and repairs and renewals, not recurring annually.

Form 12. Summary for normal school boarding hall, showing: receipts past year; average number of boarders; and expenditures for personal services, food materials, supplies and other expenses.

Forms 13 and 14. Normal school boarding hall, personal services, classified and in detail as on forms 2 and 3.

Form 15. Detail estimate for boarding hall food, with expenditures for last year.

Form 16. Detail estimate for boarding hall supplies and other expenses, with expenditures for last year.

Form 17 (attached to form 1). Summary of forms 2 to 16, with statutory authorization and previous appropriations.

2. Estimate Blanks for Special Purposes.

Form 1. Name of department or institution; object; summary of estimates; signature.

Form 2 (attached to form 1). Explanation and details of each project listed on form 1.

In case of estimates for building construction or alterations, including heating, plumbing, lighting, and ventilation, preliminary studies, general specifications and one reliable estimate shall accompany forms 1 and 2 if the estimate for any one purpose exceeds $5000.[1]

Preparation of the Budget by the Supervisor of Administration.

The departmental and institutional estimates for the 1919 budget were due in the hands of the supervisor by October 15, 1918. As a matter of fact, many estimates were not received until after this date. This is especially true of estimates for special purposes. While this was due in a measure to negligence on the part of state officials, it was also due to the war situation. The signing of the armistice on November 11, 1918, made it possible for the institutions to lay plans for new construction in 1919 which would not have been requested under war conditions. In fact, 84 per cent of the total estimates for special purposes submitted to the supervisor were filed after the time fixed by law. The estimate of the commission on waterways and public lands, amounting to $2,547,000, was not filed till December 30.

Mr. Carl A. Raymond, deputy supervisor of administration, took personal charge of the revision of estimates and the preparation of the 1919 budget. Though he was assisted by other members of the office, the major part

[1] The form numbers here assigned are those of the author.

of the work fell entirely on him, even to the extent of the preparation of comparative tables. Mr. Raymond followed in the main the procedure he had worked out in 1918, and called the department heads in to go over with him the estimates they had submitted. While most of these conferences were with not more than a single individual, a few of them assumed the aspect of large hearings. Of some of these conferences a stenographic record was kept, while of others Mr. Raymond was satisfied with a memorandum which he himself dictated covering the main questions involved. In each case, he dictated a brief statement of his tentative decisions with regard to the estimates involved. All of the memoranda, with such other material as was pertinent, were bound in with the related departmental or institutional estimates in a large looseleaf binder. All of the estimates together filled three large volumes. These are Mr. Raymond's private estimate files and contain many pencilled notations and references on the estimate sheets in addition to the various memoranda and other papers.

The requests submitted to the supervisor of administration, and his recommendations, are indicated in the table on the following page.

It will be observed by comparison with the figures on page 80 that the reductions made in departmental estimates in preparing the 1919 Budget were greater than those made in 1918 for maintenance appropriations, but that the 1919 reductions in capital outlays were considerably smaller.

DEPARTMENTAL ESTIMATES FOR 1919 AND THE SUPERVISOR'S BUDGET RECOMMENDATIONS [1]

	DEPARTMENTAL ESTIMATES	SUPERVISOR'S RECOMMENDATION	REDUCTION	
			Amount	% of estimates
Maintenance				
State departments and institutions	$29,975,709.34	$27,892,794.05	$2,082,915.29	6.9
Metropolitan districts	2,260,861.36	2,116,493.41	144,367.95	6.4
Total maintenance	32,236,570.70	30,009,287.46	2,227,283.24	6.9
Capital Outlays and Specials				
State departments and institutions				
submitted too late	3,359,011.50	1,200,000.00 [2]	2,227,283.24 [2]	64.2 [2]
submitted in time	937,545.63	511,293.55	426,252.08	45.4
Metropolitan districts	306,000.00	281,000.00	25,000.00	8.1
Total capital outlays	4,602,557.13	1,992,293.55	2,610,263.58	56.7
Interest and Debt	3,738,353.44	3,738,353.44		
Grand Total	$40,577,481.27	$35,739,934.45	$4,837,546.82	11.9

The Governor's Submission of the Budget.

The tentative budget for 1919 was delivered to the newly elected governor on January 3, 1919.[3] On January 8, Governor Coolidge transmitted the document, without change, to the general court.[4] While the intervening period was unquestionably too brief to allow any consideration of the details of the budget, it must be remembered that Governor Coolidge, as lieutenant governor, was remarkably familiar with the affairs of the commonwealth. It is also reported that he was consulted during the preparation of the budget on doubtful questions as they arose. The budget was prefaced by a four-and-a-

[1] Based on 1919 House Document 185, pp. 7, 14, 31, 76, 79, 81, 103, 113, 117–123

[2] Tentative recommendation, *Ibid.*, p. 14. [3] *Ibid.*, p. 13. [4] *Ibid.*, p. 5.

half page letter of transmittal signed by the governor. The key sentences from this letter were:

"In compliance with the provisions of the Constitution . . . and the laws of the Commonwealth, . . . I am submitting herewith budget recommendations for the fiscal year 1919. . . . The Auditor of the Commonwealth's estimates of receipts from the ordinary and other revenue for 1919 . . . is as follows,— . . . The proposed expenditures [*i.e.* unrevised departmental estimates] amount to . . . The estimates for expenditures have been studied by the Supervisor of Administration, and *his recommendations* are embodied in the summary of financial statements submitted with this budget. . . . This is surely not the time for indiscriminate increases in salaries and wages. There are however, some deserving cases in some branches of the service where further increase would be justified. . . . The unprecedented high prices of commodities is also reflected in the request for appropriations. This is a subject which should be given very careful attention. . . . The requests of the Metropolitan Park Commission and Metropolitan Water and Sewerage Board are included in the summary of financial statements, together with the *recommendations by the Supervisor of Administration.* . . . No deficiencies in appropriations of 1918 requiring appropriations this year have been reported. . . . The proposals for capital outlay amount to . . . A large part of this sum is made up of requests filed long after October 15, the statutory date for filing estimates. The Supervisor of Administration is unable at this time to recommend a number of projects, and others are receiving further study. Should it appear desirable, these will be included in a supplemental budget. . . . Interest requirements of . . . and sinking fund and serial bond requirements of . . . is the tribute we must pay to former administrations in their having put off the date of settlement with the tax collector. . . . The net direct debt of December 1, 1918, shows a decrease for the past year of . . . . Nothing is better than the 'pay as you

> go' policy, and it is hoped the Legislature of 1919 will find it expedient to finance their obligations for all normal requirements without recourse to loans. . . . Estimates have been filed for new projects and undertakings of . . ., to which must be added all sums due to the reconstruction or transition period, which you may after mature deliberation consider worthy of enactment. In this field I may later find it desirable to make specific recommendations. . . . The estimates for revenue submitted by the Auditor of the Commonwealth appear to be very conservative. . . . The summary tables are made up with a tentative figure of $11,000,000 for the state tax. This sum should be a maximum, and I urge you to practice economy to such an extent that after all proper and reasonable provisions have been made for works of reconstruction and assimilation of the soldier into civil life, the tentative amount for the state tax may be reduced." [1]

The italics and brackets are here inserted to call attention to the fact that the governor made no specific recommendations whatsoever with regard to the revenues or the expenditures of the state. His message assumed no responsibility for the budget, and referred to the only section of the document that recommended a specific course of action measured in dollars and cents as "the supervisor's recommendations." In the governor's entire message there was no statement of the total expenditure recommended by the budget. He contented himself with reciting the *unrevised* departmental requests.

Budget Recommendations of Inaugural Address.

Governor Coolidge's refusal to take any responsibility for the 1919 budget is all the more significant in the light

[1] 1919 House Document 185, p. 5.

of the recommendations of his inaugural address, delivered on January 2, a week before the presentation of the budget. In that address there are no less than thirteen major recommendations which belonged in the 1919 budget. Take for example the governor's recommendations for the welcome of returning troops, for the subventions to public schools, for the instructions of aliens in English, for a survey of the street railway situation, for the improvement of the port of Boston, for the Plymouth exposition, and for the creation of a loan fund to encourage home owning. In a number of these recommendations he said in so many words, "It is urgently recommended that such taxes be laid and appropriations made" as are necessary, or, "To begin this great and important work some appropriation should be made."[1] Why was it that the "governor's budget" made no allowance for the financial aspect of the legislative program of the governor as laid down in his inaugural?

The governor's policy seems to have been calculated to avoid any possible breach with the legislature. That friction over the new budget powers of the governor was possible was indicated by the remarks of more than one legislator at the convening of the general court. This feeling disappeared during the session both because of the governor's policy and because of the remarks and leadership of the chairman of the house committee on ways and means, Representative Benjamin Loring Young.

[1] 1919 Senate Document, p. 6, 9, etc.

Form and Content of the 1919 Budget.

Eliminating the governor's letter of transmittal, the 1919 budget is composed of:

1. A seven-page statement by the supervisor, explaining in detail the recommendations for capital outlays contained in subsequent pages. The requests for the metropolitan districts are included.
2. The auditor's estimate of revenues for 1919 by sources.
3. A summary of general fund treasury transactions for 1918.
4. Statement of the condition of the state debt, showing the direct and the contingent debts separately.
5. A six-page statement of the recommended appropriations for 1919, excluding metropolitan districts, itemized by spending units, and showing the amounts allowed for salaries, other expenses, and capital outlays and the source from which the appropriation was to be financed.
6. A general summary of receipts, excluding metropolitan districts, showing by sources the amounts credited to the general fund, to special funds, and the total.
7. A balance sheet as of the end of the fiscal year of 1919, based upon the two preceding tables.
8. A detailed estimate of proposed expenditures for 1919, for the state government, including the legislative and judicial departments. This statement covers 85 pages, and contains 507 enumerated items many of which are further subclassified. A sample section of this book of estimates is reproduced below.
9. An identical statement for the metropolitan districts. The items are numbered consecutively, following right on from those above.

It is to be noted that the governor's budget contained no appropriation bill.

Opposite are two sections from the detailed estimate of proposed expenditures for 1919. The item

Detailed Statement of Proposed Expenditures for Fiscal Year 1919

Item No.	Organization Unit	Citation of Statute	Expenses, 1918	Appropriation, 1918	Amount Requested, 1919	Recommended	Final Appropriation, 1919
	Executive Department						
	Salaries and Allowances						
26	Governor	1914, 445	$10,000.00	$10,000.00	$10,000.00	$10,000.00	
27	Lieutenant-Governor	R. L., 4	2,000.00	2,000.00	2,000.00	2,000.00	
28	Councillors	1912, 639	8,000.00	8,000.00	8,000.00	8,000.00	
29	Statutory salaries (officers and employees)	1906, 109; 1908, 497, 540; 1914, 158, 159	12,167.01	12,700.00	12,700.00	12,700.00	
	Increases in statutory salaries				3,020.00		
			$32,167.01	$32,700.00	$35,720.00	$32,700.00	
397	**Foxborough State Hospital**	1905, 175					
	Salaries and wages		$72,048.78	$83,000.00	$104,418.00	$91,080.68	
	Religious instruction		1,280.00	1,368.00	1,390.00	1,390.00	
	Travel, transportation, etc.		7,578.21	7,500.00	5,660.00	4,010.00	
	Food		38,634.12	37,500.00	51,057.00	49,820.07	
	Clothing and materials		6,975.43	6,000.00	9,712.00	9,000.00	
	Furnishings and household supplies		13,893.15	12,000.00	19,060.00	17,000.00	
	Medical and general care		9,032.69	8,800.00	12,160.00	11,000.00	
	Heat, light and power		35,674.07	27,015.00	37,548.00	8,176.68	
	Farm and stable		18,040.37	13,000.00	9,742.00	10,921.57	
	Grounds		1,200.52	1,000.00	1,200.00	1,200.00	
	Repairs, ordinary		6,308.22	5,850.00	8,500.00	8,000.00	
	Repairs and renewals		2,550.00	2,550.00	6,361.00	1,701.00	
			$213,215.56	$205,583.00	$266,808.00	$213,300.00	
	For purchase of and alterations of adjacent property				$34,000.00	$34,000.00	

numbers of column 1 were followed in the appropriation bill. The estimates are classified by spending units, and the capital outlays are in each case grouped after the maintenance items of the institution or department in question.

Legislative Consideration of the 1919 Budget.

The budget, on receipt, was referred immediately to the house committee on ways and means. Representative Benjamin Loring Young was now chairman of this committee in place of Representative Joseph E. Warner, who had been elected speaker of the house.[1]

Work of the House Committee on Ways and Means.

"Immediately on receipt of the budget," Mr. Young reported to the house, "the Committee sent a notice to each state department, setting aside two weeks for public hearings and inviting all persons interested to appear. The Committee also requested that statements in writing be filed. Open hearings continued for two weeks and a further week was devoted to executive sessions."[2] During this time, Mr. Raymond, who had prepared the budget for the governor, and Mr. Hawley, deputy auditor, were in constant attendance. Mr. Raymond had with him his personal estimate files mentioned above, for his own information and for the use of the committee. Under the direction of Mr. Young, who took an unusually active part in the revision of the budget, Mr. Raymond drafted

[1] Bulletin 43, p. 122.

[2] House Document 1370, p. 25.

the various appropriation and other measures for the committee, with the exception of a few matters handled by the deputy auditor.

The following table indicates, as far as figures can show, the work of the house ways and means committee on the budget of 1919:

1919 BUDGET CUTS OF THE HOUSE WAYS AND MEANS COMMITTEE[1]

	GOVERNOR'S BUDGET	WAYS AND MEANS BUDGET BILL	WAYS AND MEANS REDUCTIONS	
			Amounts	Per cent of Budget
Maintenance				
State departments and institutions	$27,892,794.05	$27,471,008.98	$421,785.07	1.5
Metropolitan districts	2,116,493.41	2,127,290.52	+10,707.11 [2]	+.5 [2]
Total maintenance	30,009,287.46	29,598,299.50	411,077.96	1.4
Capital Outlays and Specials				
State departments and institutions	1,711,293.55	1,600,793.55	110,500.00	6.5
Metropolitan districts	281,000.00	0 [3]	281,000.00 [3]	100.0 [3]
Total capital outlay	1,992,293.55	1,600,793.55	391,500.00	15.1
Interest and Debt	3,738,353.44	3,738,353.44	0	0
Deficiencies	0 [4]	7,217.73	+7,217.73 [5]	
Grand Total	$35,739,934.45	$34,944,664.22	795,360.23	22.2

By a comparison with the figures presented on page 101 above, it will be seen that the ways and means committee of 1919 found it possible to make slightly larger

[1] Based on p. 168 above; House Documents 1354 and 1370, p. 32.

[2] Increase.

[3] Referred to the committee on metropolitan affairs. These estimates represented requests for bond issues for as yet unauthorized projects. Strictly their elimination should not be considered as budget cuts, though they are included here to reconcile the budget and the appropriation act.

[4] At the time of the preparation of the budget no deficiencies were reported.

[5] Increase.

decreases in the budget than was found possible in 1918. This was largely due to the war conditions. In 1918 the budget was prepared at a time of sharply rising costs. The price-movement itself squeezed out the surpluses, while in 1919 the committee was called on to revise after the armistice a budget which was drawn on the basis of pre-armistice estimates.

The Budget Bill before the House.

On February 10, Mr. Young reported for the ways and means committee the general appropriation bill based on the budget. This bill contained appropriations for maintenance and capital outlays, so far approved by the supervisor, both for the state and for the metropolitan districts. There were 515 numbered items grouped by spending units, except in the case of interest and deficiencies, which carried a total of $34,944,664.22. An analysis of the bill appears on page 175. The bill follows closely the bill of the previous year, and continues in the main the policy of lump sum appropriations. There are five items of $1,000,000 or more, and 63 items of $100,000 or more. The average item of the bill is $67,000. The corresponding average in 1918 was $46,000. Appropriations for the legislative and judicial departments are included.

In presenting the budget bill, Mr. Young addressed the house on the finances of the state and the fiscal program for the following year. Since the joint address of the general court to the people of the state on February 27,

1781, no comparable statement had been prepared in Massachusetts.[1]

The Main Points of the Budget Speech.

In introducing the budget bill, Mr. Young said:

"My remarks will naturally divide themselves under four heads, —

"I. An explanation of the constitutional amendment for a state budget recently adopted by the people, and a brief statement of the various modifications in the financial procedure of the house and of the general court which would seem to be made necessary or advisable by its adoption.

"II. An explanation of the appropriation bill now reported to the house by the committee on ways and means, and a brief discussion of several of its more important features. This discussion may serve to point out to the members of the house some of the more difficult problems which confronted the committee, those in which the members will probably be most interested, and with regard to which they have a right to demand complete, detailed and satisfactory information. It is my hope that before this bill is passed to be engrossed every question of doubt in the mind of any member may be satisfactorily answered by the committee, and that no member can justly say that he has not been given an opportunity to know and understand every detail thereof.

"III. An explanation of the general financial policy outlined by His Excellency the Governor in his budget recommendations (House Document No. 185), and the manner in which the bill now under consideration carries out that policy in part, together with a brief survey of such additional appropriation bills as may reasonably be expected to come before the general court after final action on the present bill either through the submission of supplementary budgets by the governor or otherwise.

[1] See page 12.

"IV. A statement of work accomplished by the committee on ways and means, and of the method adopted by it during its consideration of the budget." [1]

Following the outline just presented, Mr. Young proceeded with his first point. Though we have outlined the constitutional amendment earlier in our discussion, the following excerpts from the budget speech are worthy of note:

"The budget is not a mere document, it is not a mere appropriation bill. The budget is the plan for financing the state government for the current fiscal year, which has been prepared under the direction of the governor and has been submitted by him to the general court for its consideration. The budget contains an appropriation program, a social program, a revenue program. It is a complete plan for the government of the commonwealth. The general appropriation bill based upon the budget, now before the house for consideration, is merely one feature of that plan."

"The statute and the constitutional amendment taken together make the governor, so far as finance is concerned, the actual executive head of the state in practice as well as theory. In place of an irresponsible government by boards and commissions, each anxious to augment its own importance and its own financial needs, we have lodged full responsibility with the governor, whose viewpoint is not limited to a particular department or to a particular locality, but extends to the entire state government of which he is the responsible head."

"Departmental requests for appropriations should be considered by the general court only in connection with the budget, and such requests should not be allowed under the guise of special bills or resolves."

[1] 1919 House Document 1370, p. 1.

"A few departments, however, which neglected to file a portion of their estimates in October, have now come to the general court with requests for appropriations embodied in special bills. . . . They have refused to enter the open door of the budget, and now seek to obtain entrance to the public treasury through the back door of special legislation. If the budget system is to stand, these special bills should not receive favorable consideration at this time."

"The power of the general court to add items should obviously be construed as being limited to departmental estimates embodied in the budget, or to other appropriation items properly before the general court under its rules."

"If the governor sees fit to make additional financial recommendations in a supplementary budget, his requests should again have the right of way, and until final action thereon should have precedence over all other appropriation bills." [1]

In disposing of his remaining three points, Mr. Young proceeded with equal clarity and force. His discussion of the main issues contained in the general appropriation bill is full of information for the legislature, and is entirely free from the all too common "pussy-footing" in the discussion of appropriation matters. When Mr. Young told the house that he hoped that debate on the budget bill would result in "thorough, frank and pertinent discussion of the budget proposals," he was clearly saying what he meant.[2]

[1] 1919 House Document 1370, pp. 5–8. In view of the interpretation contained in the last paragraph quoted it should be noted that Mr. Young is himself a lawyer, and that his interpretation is based on interviews with the attorney-general and with members of the constitutional convention who were especially well informed on budget questions. *Ibid.*, p. 4.

[2] House Document 1370, p. 25.

With the budget speech was presented a balance sheet as of the end of the fiscal year in question, a table showing the individual cuts and increases made by the committee on ways and means, a table showing the recommended appropriations compared with those of 1918, and a table of the per capita weekly costs for maintenance of the state institutions.

Newspaper Comment on Mr. Young's Budget Speech.

When Governor Coolidge presented the 1919 Budget to the legislature on January 8 there was no dramatic incident. There was no "news" to attract attention. The document went to the clerk of the house with a formal letter from the governor, the clerk of the house read the title of the report amid the drone of the routine business, and the document was referred to ways and means and lost from sight. It is surprising that any of the papers mentioned the budget at that time. As a matter of fact few did, and those few failed to get at the meat of the matter.[1]

The situation was quite different now. Mr. Young's personal presentation of the general appropriation bill, together with his concise and straightforward discussion of the issues involved, introduced enough of the dramatic element to carry the budget into almost every paper of the state. The *Christian Science Monitor*, which tends to exclude matters of sectional interest, devoted the better part of a column to Mr. Young's budget speech, quoting

[1] *E.g. Boston Herald*, January 9, 1919, p. 7.

liberally from him, and stressing four of the major issues he had raised.[1] The *Boston Globe* of February 10 and the *Springfield Republican* of February 11 cover the incident in their news columns.

The following editorial from the *Transcript*, which had also carried the story as news, deserves reproduction here. The title was "Loring Young's Contribution," —

> "The speech which Representative B. Loring Young delivered in the house yesterday, as chairman of ways and means, clearly advanced the commonwealth's budgetary process one step forward. If the vigorous efforts made in the last general court by the present speaker of the house, Mr. Joseph E. Warner, brought the schedule of appropriations into definite summary early in the session for the first time in the state's history, and if the executive budget submitted this year repeated this useful accomplishment, Mr. Young has held by these gains in procedure and also gone them one better. He has associated with his comprehensive view of the state's proposed expenditures a comprehensive view of the state's whole legislative program, thus equating, as it were, problems in the distribution of cash with problems in the distribution of the general court's energies as a state-governing and state-building body.
>
> "Obviously this is a proper juxtaposition. The chairman of ways and means has avoided dogmatic pronouncements of approval or condemnation concerning various items of the state's proposed legislation. He has left that work to the judgment of the general court where it belongs. But he has given the general court opportunity to base its judgments as to individual proposals upon a sound sense of their relation to the state's legislative requirements in their entirety, and he has permitted them to see individual appropriations in their due proportion to the total funds which the state has on its hands or dares to expend. This is to add to economy in cash,

[1] February 13, 1919, p. 9.

clarity and balance of statesmanlike perspective, and it is to advance our use of the budgetary process one important step forward." [1]

Debate on the Budget Bill in the House.

Following the presentation of the budget bill and the budget speech, the better part of a week was devoted to the debate on the bill. During this time Mr. Young was continually on his feet explaining the budget bill and answering criticisms. As a result of this discussion and of later information, the ways and means committee itself, through its various members, brought forward a number of amendments to the bill. Three of these were textual amendments, one decreased, while five increased, appropriations in the bill. Nine private amendments were offered to strike out or to reduce items, while two were offered to increase the appropriation for band concerts in the metropolitan district of Boston. All of the amendments put forward by the committee were adopted, and of the private amendments five to decrease were accepted by Mr. Young and adopted by the house, while the two amendments to increase were opposed by Mr. Young and were defeated.[2] The changes made were as follows:

	Number of Items	Amount
Increases	6	$ 164,641.25
Decreases	6	46,300.00
Net Increase		$ 118,341.25

[1] February 12, 1919.

[2] House Journal, pp. 367, 398, 408.

The total increase, all of which was moved by the committee, amounted to less than one half of one per cent of the total carried by the budget bill, and the net increase was one third of one per cent. It will be seen that the leadership of the committee on ways and means was unquestioned.

The Budget Bill before the Senate.

The general appropriation bill was received in the senate on March 5. It was immediately referred to the senate ways and means committee. Here it was held till March 28, when it was reported with 20 amendments.[1] Of these, five were textual; one segregated an appropriation by splitting an item in two; two decreased items, and the remaining 12 provided increases. The total decreases amounted to $53,000 and the increases to $45,370, leaving a net decrease of $7,630. On April 2, all of these amendments put forward by the committee were adopted. In one case only was a roll called.[2] At the same stage, three private amendments were offered to increase items, two of which were to negative reductions made from the floor of the house. The third increased the $25,000 appropriation for band concerts in the metropolitan district by $5,000.[3] These three private amendments were also adopted.

As a result of the action of the senate, the budget bill total was changed as follows:

[1] Senate Journal, p. 536. [2] *Ibid.*, p. 536–538.
[3] $30,000 was the customary annual appropriation.

	Number of Items	Amount
Decreases	2	$ 53,000.00
Increases	15	52,770.00
Net decrease		$ 230.00

House Refuses to Concur.

After a brief consideration of the senate amendments, the house ways and means committee reported by its chairman, Mr. Young, that the house ought not to concur on five of the amendments made by the senate. Two of these increased the appropriation for the bank commissioner's office, two more replaced the amounts cut from the governor's budget in the house for the bureau of immigration, while the fifth increased the personal service appropriation for the state board of charity. After debate, the house followed the lead of Mr. Young and his committee, and after non-concurring in the five objectionable amendments, accepted the balance.[1]

Conference Committee Arrives at Compromise.

A conference committee representing both ways and means committees was appointed, and on April 15 the committee reported that the senate ought to recede on two, and the house on three, of the points at issue. This compromise was accepted in both houses without debate, and under a suspension of the rules.[2] It is interesting to note that the two amendments from which the senate

[1] House Journal, p. 741. [2] *Ibid.*, p. 781; Senate Journal, p. 620.

receded were both private amendments. As a result, there was but one private amendment to increase which became part of the appropriation bill. This added $5000 for band concerts in the metropolitan district of Boston.

The bill went to the governor, and was signed by him on April 23 as Chapter 153 of the special acts of 1919. As finally signed it carried $35,060,375.47, or $115,711.25 more than the budget bill as reported by the house ways and means committee.

Supplemental Budgets.

The budget amendment to the constitution provides, — "The governor may at any time recommend to the general court supplementary budgets which shall be subject to the same procedure as the original budget." [1] In accordance with this provision, Governor Coolidge submitted two supplementary budgets during the 1919 session.

The first was submitted on April 24, the day following the passage of the general appropriation bill.[2] It carried the following recommendations:

FIRST SUPPLEMENTARY BUDGET

PURPOSE	AMOUNT
Maintenance	$359,050.00
Capital outlay	2,479,285.50
Interest and Debt	94,529.60
Total	$2,932,865.10

Each item of the supplementary budget was explained in detail by a statement from the supervisor which formed

[1] 1918 Amendment 16, sec. 3.

[2] 1919 House Document 1653.

the body of the governor's supplemental budget. In addition to this explanatory text, the supervisor presented a balance sheet as of the end of the fiscal year on the basis of appropriations already passed and recommended in the supplemental budget; and a detailed statement of appropriations already passed classified by the budget bill items, analyzed to show salaries and wages, other expenses, and capital outlays, and the amounts by which the various items affected by the supplemental budget would be increased thereby. The five appropriations passed in accordance with emergency messages from the governor, totaling $355,000, were added to the total, so that the supervisor's statement is a complete record of appropriations in detail, classified in intelligible form. It links the supplemental recommendations up with the original budget, thus making it possible to examine the supplemental recommendations almost as if they had been a part of the original budget.

It is to be noted that the first supplemental budget was made up almost entirely of capital outlay recommendations. This was due to the tardy submission of estimates and to the need that developed for public works as a help in lessening unemployment.

The governor's letter of transmittal is more in accordance with the constitutional and legal requirements than was that transmitting the original budget. The success of the original budget evidently made the governor more ready to admit his legal responsibilities, and we find him saying, in this first supplemental budget:

"In the general appropriation act, based upon *my original budget recommendations*, approximately $1,600,000 was appropriated for capital outlay. To this sum I now recommend an addition of $2,479,285.50." [1]

The governor, however, makes no reference to the additional $50,000 requested by the supervisor for the governor's emergency fund, a fund that is chiefly used as a transfer account.

The second supplemental budget is dated July 14, ten days before the prorogation of the general court.[2] Its purpose was to make appropriations to meet the new needs created by the laws of the 1919 session — the salary increases, the new investigations, and the new services. The recommendations were as follows:

SECOND SUPPLEMENTARY BUDGET

PURPOSE	AMOUNT
Maintenance (including salary increases, new services, investigations, etc.)	$608,350.00
Military allowances	200,000.00
Capital outlays	128,500.00
Deficiencies	1,467.51
Total, State purposes	938,319.51
Metropolitan districts[3]	80,695.67
Total	$1,019,013.18

The document itself followed the lines of the previous budgets. A letter of transmittal from the governor stating, "The sums recommended this time . . . are those suggested by the supervisor of administration,"

[1] 1919 House Document 1653, p. 5. Italics are those of the author.

[2] *Ibid.*, 1935.

[3] Of the amount recommended for the metropolitan districts, $5000 was for maintenance. No metropolitan district recommendations were included in the first supplemental budget.

was followed by detailed explanations prepared by Mr. Raymond, a balance sheet, and a detailed statement of appropriations and supplemental recommendations as before.

A large part of the second supplementary budget may be said to be made up of non-administration matters. The largest single item of this kind is for $120,500 to meet the increase in legislative pay in accordance with Chapter 239 of the General Acts of 1919 which was passed over the governor's veto.[1] The next largest item is for $100,000, recommended by the supervisor "in connection with several bills pending for special highway improvements." [2] These were nothing more nor less than the traditional "private road bills" and were opposed by the governor as far as was expedient, though he was not ready to veto the acts authorizing them or to exclude them from his last supplementary budget recommendation.[3] The only private harbor bills to be enacted were in the nature of investigations, for which $30,000 was appropriated as recommended in the two supplemental budgets.[4]

The Budget and the Pork-Barrel.

Private road bills and private harbor bills are the more notorious forms of "pork-barrel" legislation against which the ways and means committees have been fighting during recent years. The end of the war and the removal

[1] House Journal, June 10; Senate Journal, June 12.

[2] House Doc. 1935, p. 15.

[3] Road bills: Special Chapters, 232, 233, 240; General Chapters, 335, 336, 337, 338, 339, 348, amounting in all to $216,000 of which the state will pay $118,833.33.

[4] Special Chapters 211, Item 329 *b*; 242, Item 329 *c*.

of the necessity for confining all expenditures to objects that would "help win the war" encouraged a renewed effort to raid the state treasury for local purposes. Mr. Young, in his budget speech, enunciated in no uncertain terms the principles that should be adopted to meet this situation. He urged: (1) that no loans should be made for highway purposes; (2) that, except for the $1,000,000 of new construction provided in the budget, all highway expenses be met from motor vehicle fees; and (3) that no special road bills should be given consideration by the legislature, but that they be referred to the highway commission. In clinching these points, Mr. Young said:

> "It should also be pointed out that within the state tax of $11,000,000 recommended by the governor as a maximum, there can be but a small sum, if any, available for special road bills. Bills of this nature serve local and private interests, but have little state-wide value. It would seem proper, therefore, for the general court to consider whether the time has not come for the adoption of a sound policy in respect to such local matters. The highway commission is an administrative board, with expert knowledge of highway needs. Under statutes now in force the commission may allot a portion of its funds to those local projects which have real merit. Many roads have been improved in this way, the wise policy of the commission requiring the town and the county to share in the expense. The chief criticism of appropriation bills passed by the federal Congress has been that they serve the 'pork-barrel' instead of the nation. Special road bills are of comparatively recent growth in the general court of Massachusetts, and they should be restricted in every possible way."[1]

[1] House Doc. 1370, p. 16.

While Mr. Young was not entirely successful in this restriction of special road bills, it is to be noted that no loans were made for highway purposes and that the special highway appropriations were to be financed from motor vehicle fees and that construction was to be undertaken only after the fees had been collected. Two of Mr. Young's three principles were thus adopted. It is doubtful whether this would have been possible without the state budget system.

Appropriations Based on the Governor's Special Messages.

In addition to the three budgets, Governor Coolidge addressed a number of messages to the general court asking that immediate provision be made for the following emergencies:

Purpose	Amount Appropriated	Chapter of Special Acts
Welcome of soldiers	$10,000	1
Soldiers and sailors commission . .	10,000	112
Parade 26th Division	300,000	119
Influenza epidemic	5,000	1
Suppression of corn borer	30,000	135
Total	$355,000	

Private Petitions for Appropriations in 1919.

There was no decrease in 1919 in the number of private petitions, private members' bills and departmental special requests, not contained in the annual estimates, involving a charge against the treasury. In the case of certain departmental requests, this was due to the requirement

in chapter 18 of the Revised Laws that all departments shall file with the secretary of the commonwealth drafts of bills to carry out the recommendations contained in their annual reports. Where the recommendation would carry a charge on the treasury, the department was thus required to ask for the appropriation in the estimates for special purposes and also to submit a bill through the secretary providing for the appropriation. In other cases, departments that failed to submit all their estimates to the supervisor tried private petitions as a method of securing further appropriations. This practice was severely condemned by Mr. Young as an attempt to "obtain entrance to the public treasury by the back door" after a refusal to "enter by the open door of the budget." [1] Following Mr. Young, the ways and means committee refused to consider a dozen or more of these departmental petitions.

The table below indicates the number of petitions of one kind or another involving a charge on the treasury. It makes no deduction for those which were also included in the budget as explained above.

PETITIONS INVOLVING A CHARGE ON THE TREASURY, 1919[2]

RELATING TO	NUMBER OF PETITIONS	AMOUNT PETITIONED
State Government	166	$ 35,151,830.95
Metropolitan Districts	46	1,340,034.26
Total	212	$ 36,491,865.21

[1] House Document 1370, p. 6.

[2] Based on Mr. Raymond's tabulation.

The actual amount petitioned was more than indicated here, as many contained no specific amount and are not tabulated.

Total Appropriations of 1919 Session.

The following table presents the total appropriations, including metropolitan districts, of the 1919 session of the general court in comparison with the governor's recommendations and the revisions of the house ways and means committee.

APPROPRIATIONS OF 1919 SESSION[1]

BASIS	GOVERNOR'S RECOMMENDATION	WAYS AND MEANS REVISION	APPROPRIATION	PER CENT OF TOTAL APPROPRIATION	CHAPTER SPECIAL
Budget . . .	$35,739,934.45	$34,944,664.22	$35,060,375.47	89.2	153
1st Supplemental	2,932,865.10	2,809,802.15	2,713,802.15	6.9	211
2nd Supplemental	1,019,013.18	1,208,736.01	1,208,736.01	3.0	242
Special Messages	Indefinite	355,000.00	355,000.00	.9	(2)
Total . .	$39,691,812.73	$39,318,202.38	$39,337,913.63	100.0	

It is significant that no appropriations were based on private petition or special departmental request. Every single dollar appropriated was based on the governor's messages and budgets. Of the total amount appropriated, almost 90 per cent is carried in a single bill. The items of the two supplemental bills are numbered to correspond to the items of the general appropriation bill, so that it is a simple matter to tell at a glance the amount appropriated for any service or department. It is to be noted that 97

[1] Based on 1919 House Documents, 185, 1653, 1935, 1354, 1732, 1955.

[2] See page 190.

per cent of the total appropriation was passed and signed by the governor a month before the close of the session, and that 89 per cent was disposed of soon after the middle of the legislative session.[1]

The comparative leadership of the governor and the house committee on ways and means is shown clearly by the table above. The governor's budget recommendations were decreased by over half a million dollars by the committee, and the recommendations of the committee were followed with hardly a change by the legislature.

[1] See page 114.

CHAPTER X

BUDGET REFORM IN 1919

THE most important steps toward a better budget system in Massachusetts taken during the year 1919 have been described in the last chapter. The experience with the first "governor's budget" is in itself the most notable single fiscal event of the 1919 session. There are, however, a number of exceedingly important changes in the laws of the state which affect the budget directly or indirectly.

New Constitutional Provisions.

At the November 1918 elections, at the time of the adoption of the budget amendment, three amendments were ratified by the people of no small importance to the budget. Their effect was first felt in 1919.

The 15th amendment limits the purposes for which the commonwealth may borrow money, and requires that loans for any other purposes shall be authorized only by a two-thirds vote of the general court, on a roll call, and requires the governor to recommend the term of the loan.

The 18th amendment prohibits the payment of additional compensation to members of the legislature for service on recess committees, with the single exception of a committee appointed to examine a general revision of the statutes, and further provides that a legislator

shall not be appointed to an office created, or made more remunerative, during the term for which he was elected. This amendment disposes forever of the recess committee as a factor in budget preparation. Those who have favored such a committee, or some commission embracing also members of the legislature, are now estopped from any further agitation, it would seem.

The 19th amendment requires the executive and administrative work of the commonwealth to be organized in not more than twenty departments. The reorganization adopted by the general court is outlined below. Its effect upon the preparation of departmental estimates and their consideration by the legislature cannot but be important.

Among the remaining amendments adopted in 1918, the following deserve attention in connection with those already listed:

1. In the initiative and referendum amendment[1] it is provided that no petition may make a specific appropriation of money from the treasury, but that the general court shall raise by taxation or otherwise and shall appropriate such money as may be necessary to carry into effect any law adopted by initiative petition. It is also provided that a law which appropriates money for the current or ordinary expenses of the commonwealth or for any of its departments, boards, commissions or institutions shall not be the subject of a referendum petition.

[1] Amendment No. 1. Initiative Article II, sec. 2; Referendum Article III, sec. 2.

The initiative cannot be used to upset the budget procedure of the commonwealth; and the referendum can only be used with "specials" and capital outlays.

2. The 9th amendment allows the governor to return to the legislature for further consideration any act or resolve with his recommendation for its amendment. This would clearly apply to the textual sections of appropriation acts and loans.

3. The amendment providing biennial elections will perhaps help to stabilize the departments affected and thus help the budget movement along.[1] The amendment allowing the general court to take a recess for not more than thirty days, might be put to good use as a time for public hearings on the governor's budget.[2]

Changes in Budget Law and Practice in 1919.

During the 1919 session a number of changes in the laws affecting the budget were enacted in the attempt to make the budget system more satisfactory.

In order that there might be no seeming contradiction between the budget act of 1918 and the budget amendment, Chapter 52 of the General Acts of 1919 was passed. The bill was initiated by the house ways and means committee, and amends the law so that the date for the submission of the budget by the governor is "within three weeks after the general court convenes" — the exact phrase used in the constitutional amendment.

The law requiring state departments, boards and com-

[1] Amendment No. 17. [2] *Ibid.*, No. 5.

missions to file with the secretary of the commonwealth those parts of their annual reports which make specific recommendations, together with drafts of acts to carry them into effect, resulted in 1919, as we have seen, in the introduction of a number of departmental requests for appropriations either in duplication of the budget, or supplementary to the budget. In order to prevent this in the future, Chapter 13 of the General Acts was passed, on the initiative of Mr. Young. This act specifically exempts from the law above "those parts [of annual reports] which . . . are required to be covered by estimates submitted to the supervisor of administration." This law, together with the example which Mr. Young made of the extra-budgetary requests of certain departments in 1919 will undoubtedly result in the presentation from now on of all departmental needs through the budget and through the budget alone.

Inasmuch as the fiscal year in Massachusetts begins on December 1, and the general appropriation act cannot pass much before the following April, some system of "votes on account" is clearly necessary. Up until 1919, this situation had been taken care of through the passage of annual resolves, when the statutory extension of authorization to spend on account through December and January had expired without the passage of the annual appropriations. On the initiative of Mr. Young, there was passed in 1919 an Act providing:

> "Boards, commission, officers and officials having charge of expenditures in behalf of the commonwealth may continue

> expenditures in each year at the rate of the appropriation authorized for the preceding year until the general court makes an appropriation therefor or provides otherwise." [1]

It is generally understood that a failure to appropriate funds before adjournment would constitute a "provision otherwise," though other interpretations are clearly possible.

Section 3 of the general appropriation act of 1919 provided that the unexpended balances of the various war emergency lump sum appropriations granted to the governor and council should lapse into the treasury. Mr. Young stated that these balances totaled $1,292,603.40 out of appropriations of $3,000,000, and said:

> "This method of appropriating money for any purposes approved by the executive was necessary and proper in the stress of war, when no man can foretell the uncertainties of the morrow. It is not a proper method in time of peace." [2]

While this provision is not especially revolutionary, it is indicative of the unwillingness of the legislature to let slip the reins of financial control.

The legislative procedure for the reference, reporting, consideration, and enactment of the budget appropriations was not materially different from that used in the disposition of other business. No new legislative rules were adopted. This has been left for the future. On the eve of the presentation of the general appropriation bill for debate in the house, the following order was passed, on motion of Mr. Young:

[1] General Acts, Ch. 20.

[2] 1919 House Document 1370, p. 21.

"*Ordered*, That, after the bill making appropriations for the maintenance of departments, boards, commissions, institutions, and certain activities of the commonwealth, for interest, sinking fund and serial bond requirements and for certain permanent improvements (House No. 1354) has been read a third time, the various items in section 2 shall be called in order, and those not passed for debate shall stand approved and undebatable until those which may be passed for debate shall have been disposed of; and that all items so passed for debate shall be printed, under their respective captions, in the orders of the day for the succeeding session, and shall be considered and disposed of in order." [1]

By long established custom in Massachusetts, the orders of the day which no member cares to bring up for discussion are disposed of before the controversial measures. As the presiding officer announces the next matter, or as the clerk proceeds to read the title, a member desiring to bring the matter up for discussion calls "pass," and the presiding officer then "passes" the matter and goes on to the next without calling for a vote at the time. When all matters have either been disposed of or "passed," the latter are considered in order. It will be seen that Mr. Young's order merely took over this procedure for the consideration of the items of the general appropriation bill. The day's postponement also served to give him an opportunity to know what items he would be called on to defend or explain, and the fact that they were printed in the orders of the day made their systematic consideration more possible.

[1] House Journal, p. 360.

Reorganization of the Executive Departments.

The 19th amendment to the constitution, ratified by the people at the November, 1918, elections, provided for a reorganization of the executive and administrative work of the commonwealth in not more than twenty departments. Governor Coolidge in his inaugural address called upon the general court to enact the necessary legislation. "This will require," he said, "much legislation and a careful working out of many details. I urge you to start upon this most important work and complete it this session. It should result in diminishing the expenses of administration." [1]

The supervisor of administration also urged the matter and presented, in slightly revised form, the consolidation plan which had been drawn in his office and by the joint special committee on finance and budget procedure in 1918. The legislature appointed a joint standing committee on administration and commissions and referred to them the problem of reorganization. This committee held a number of public hearings late in February and early in March but did not report its omnibus consolidation bill till June 6.[2] In the interim a great deal of "negotiation" was of course inevitable. The various state officials were, however, conspicuously absent from the lobbies and committee rooms, due, it is said, to a statement from the governor that any attempt by departments to influence the reorganization plans would necessitate drastic action on his part.

[1] 1919 Senate Document 1, p. 19.

[2] 1919 House Document 1830.

The consolidation and reorganization bill of the committee on administration and commissions was amended in the house and again in the senate, but its main outlines remained unaltered. It was finally enacted and signed by the governor as Chapter 350 of the General Acts of 1919 on July 23, the day before prorogation.

The Reorganization Act.

As it was beyond the power of the legislature to reorganize the constitutional offices, little change was possible in the offices of the secretary, the treasurer, the auditor, and attorney-general, except in the reassignment of certain minor functions governed by law. Among the remaining departments, boards and commissions, however, the reorganization was more thorough. Of these hundred odd independent units, 33 were abolished outright and their duties transferred to the newly established departments. Of these 33, 21 were boards and commissions, and 12 were single-headed offices. The remaining organizations were carried bodily into the new departments as bureaus, divisions, or sections. As a result of the new bill the following departments are created:

The Governor and Council.
Department of the Secretary of the Commonwealth.
Department of the Treasurer and Receiver General.
Department of the Auditor of the Commonwealth.
Department of the Attorney-General.
Department of Agriculture.
Department of Conservation.
Department of Banking and Insurance.
Department of Corporations and Taxation.

Department of Education.
Department of Civil Service and Registration.
Department of Industrial Accidents.
Department of Labor and Industries.
Department of Mental Diseases.
Department of Correction.
Department of Public Welfare.
Department of Public Health.
Department of Public Safety.
Department of Public Works.
Department of Public Utilities.
The Metropolitan District Commission.

The organization of these different departments varies radically. The first five including the council are elected biennially, under the new amendment. The balance are all appointed by the governor with the approval of the council. The governor and council also appoint 19 bureau chiefs directly, thus breaking through the control of the department heads. The department of banking and insurance is divided into three separate departments and the department of civil service and registration into two, each with a head appointed by the governor and council. In each case the component departments are instructed to "act as a board in all matters concerning the department as a whole," a phrase intended to save the face of the consolidation act, it would seem, by making it possible to count the five departments as two, thus keeping the total down to 20, as required by the constitution.

The terms of the heads of the departments, counting the department of banking and insurance as three and the

department of civil service and registration as two, are as follows:

	Term			
	2 Years	3 Years	5 Years	7 Years
Number of Department Heads	6	9	8	1

Salary rates are similarly diversified. They are as follows:

Salary Rate	Number of Department Heads [1]
$ 1,500	1
5,000	9
6,000	4
7,000	1
7,500	6
8,000	1
10,000	1

Of the twenty-four departments, the predominant type of organization is that of a single-headed office. In reorganizing certain of those which were previously boards or commissions, however, the type of organization selected has been that of a commissioner with a board attached. The number of departments organized in each way is as follows:

Method of Organization	Number of Departments
Single head	12
Single head, advisory unpaid board	5
Single head, paid board	5
Commission	2

[1] No salary specified for Commissioner of Savings Bank Life Insurance.

The organization of the governor's department deserves attention. The military departments are put directly under the governor and council. The supervisor of administration is left as at present theoretically under the governor and council while a miscellaneous group of small independent offices are "placed and shall hereafter serve under the governor and council." These include the armory commission, the art commission, the state ballot law commission, the trustees of the state library, the board of appeal from the decisions of the tax commissioner, the commission on uniform state laws, and the commissioner of state aid and pensions. This "placing" departments "under" or "in" certain departments without requiring any real reorganization is typical of many sections of the consolidation law. An example of a genuine reorganization is the creation of the new superintendent of buildings under the governor and council to be a central purchasing agent for the furniture and supplies of all state departments and to administer the state house.

The Effect of Reorganization on the Budget.

In spite of the failure of the reorganization bill to make the governor the real "chief executive" or to establish less than 20 independent administrative and executive units or to satisfy most reformers, it is a marked step forward in the governmental machine of Massachusetts. The very fact that many related tasks are to be brought together in a single grouping will be of material advantage.

Among the general provisions of the reorganization act is the following:

> "All reports required by law to be made by any office, board, commission or other governmental organization or agency affected by this act shall hereafter be made by the executive and administrative head of the department in which such governmental organization or agency is placed or to which its rights, powers, duties or obligations are transferred." [1]

This paragraph can mean but one thing so far as the annual estimates are concerned. The estimates of the various bureaus, divisions, sections and independently dangling offices must be approved, signed and defended by the executive and administrative head of the department. According to the law, there will thus be annual estimates from but 21 departments. If the department heads take no interest in revising the requests of their subordinates — and in budget preparation the offices are clearly subordinate however independent they may be otherwise — the situation can be no worse than it now is. If, on the other hand, they study their estimates and balance the needs of their subordinates, it will make possible a more satisfactory budget revision by the supervisor, the governor, and the legislature. The great success which has attended the careful and efficient work of Dr. George M. Kline, director of the commission on mental diseases, in the revision of the estimates of his 14 state institutions during recent years, is evidence of this. The creation of the office of the superintendent of buildings

[1] Part I, sec 8.

will also simplify the work of sifting departmental estimates for furniture and supplies, and may lead to other central purchasing efforts.

The supervisor of administration is to "continue to be under the governor and council, as now provided by law." [1] While this does not require, it leaves ample room for the development of that office as the governor's personal staff agency for the preparation of the budget, the standardization of salaries, the control of departmental printing, and as a general investigatory body. Since the supervisor is appointed for three years, it is of course possible that a new governor will find a hold-over supervisor of the opposition party a difficult man to deal with. What may happen to the budget procedure under these circumstances cannot be foretold.

Taken all in all, however, the consolidation act will make the administration of the budget system more effective in Massachusetts. The ideas of administrative organization and executive control which the consolidation act partially embodies may, in the end, produce far-reaching and beneficial results, especially in the field of financial administration.

[1] Part II, sec. 15.

CHAPTER XI

CONSTITUTIONAL CONFLICT OVER THE BUDGET IN 1920

THE budget for 1920 was prepared by the supervisor of administration under the direction of Governor Coolidge, and was submitted to the general court on January 16, 1920. The budget was not presented in person, but was transmitted with the following brief letter:[1]

EXECUTIVE DEPARTMENT, BOSTON, January 16, 1920.

To the Honorable Senate and House of Representatives.

In compliance with the provisions of the Constitution, which provides that "within three weeks after the convening of the General Court the Governor shall recommend to the General Court a budget." I submit herewith my budget recommendations, showing probable requirements for the expenditures of $39,300,000. The total estimated available receipts fall short by $13,313,720.16 of meeting this amount. I recommend a State tax of not more than $12,000,000. Any additional revenue necessary through requirements of this budget or by action of the legislature on its own initiative should, in my opinion, be provided by special taxes upon present taxable sources other than cities and towns, or by levying such new taxes or excises as the General Court may deem advisable.

CALVIN COOLIDGE.

Governor Coolidge's recognition of executive responsibility for the budget in the phrase "my budget recom-

[1] 1920 House Document 1000, page 5.

mendations" is a clear advance over the irresponsible attitude indicated in the letter of transmittal of the 1919 budget. This recognition of responsibility is entirely vitiated, however, by the concluding sentence of the letter in which the entire revenue problem is passed on to the legislation for solution.

The lack of public interest in the presentation of the governor's budget is indicated by the notice given it in the press. The *Boston Transcript*, for example, which later manifested such a genuine interest in the budget problems, had no editorial comment to make. The only news item is relegated to the last four inches of the next to the last column of page 8. Even this brief notice contains a number of serious inaccuracies due to the misinterpretation of the budget.[1]

The 1920 Budget.

The 1920 budget follows the form of the 1919 budget. Fifteen pages are devoted to a text explanation of the more important problems with which the governor and the supervisor were forced to deal in preparing the budget. This is followed by tabular material as in 1919. The balance sheet as of the end of the 1920 period is an improvement over that presented the previous year. It is to be noted that the 1920 budget is considerably more inclusive than any previous budget. The act of 1919 preventing the presentation of departmental and insti-

[1] January 16, 1920.

tutional requests outside of the budget has served its purpose.[1]

The Expenditure Program.

The controlling policy of Governor Coolidge's 1920 budget is one of rigid economy. For the maintenance of the state departments and institutions two million dollars more is recommended for 1920 than was spent in 1919. This is to allow primarily for much needed salary increases and for higher material costs. In the field of capital outlays the governor is exceedingly strict. His policy is to eliminate "all projects except such as appear to be particularly urgent or will undoubtedly produce economy in maintenance." The application of this policy has resulted in recommendations for new buildings and projects of but $2,946,000 as compared with recommendations of $4,319,000 in 1919. These figures exclude the metropolitan districts, which are covered separately in the budget. Among the largest requests rejected after consideration are the $2,000,000 railroad project of the department of public works, the $1,000,000 pier development, and the $593,500 laboratory for the department of health. In the case of one institution a request for coal handling machinery is refused, but in its place a smaller allowance is made for the experimental installation of oil-burning instead of coal-burning apparatus. This indicates the extent to which the supervisor of administra-

[1] General Acts of 1919, Chapter 13. Though a considerable number of requests were filed as usual in addition to the budget recommendations, they were returned to the departments by the house committee on rules.

tion has gone in revising the estimates and gathering data for the governor's budget.

The recommended appropriations for highway maintenance, improvement and construction amount to $3,916,650, all of which is to be financed without the issuance of bonds. The decision as to where and how this large appropriation will be spent is to be left with the department of public works in accordance with the sound policy of the immediately preceding years. Nothing has done more to abolish "log-rolling" and the "pork-barrel" in Massachusetts and to inaugurate a consistent highway policy than the provision in the budget of a lump sum appropriation for highway purposes to be expended under the direction and control of the highway commission, which since the consolidation of 1919 has become a bureau of the department of public works. The continuation of this policy which makes private road bills superfluous is indicated by the governor's budget for 1920.

One item of the expenditure program demands serious criticism. A sum of $1,036,046.51 is "reserved for recommendations in the Governor's inaugural message and for supplemental budgets." The governor's budget, it is to be noted, was presented a week after his inaugural message. It would seem essential that he should include in his budget, at least in round numbers, the amounts which he thought should and could be appropriated for the projects he recommended in his inaugural. An executive budget presupposes that the executive, no less than the departments and institutions, shall include all finan-

cial plans in the budget. The budget should be as complete a financial program as the governor can make it. Indefinite allowances for unspecified purposes have no place in the budget.

The Revenue Program.

The governor and his budget makers faced a serious situation on the revenue side of the budget. The governor's letter of transmittal, reproduced above, calls attention to the fact that the budget carries appropriations of $39,300,000 with only $38,000,000 of revenues in sight. The balance of $1,300,000 is to be provided by "special taxes," or by levying "such new taxes or excises as the General Court may deem advisable." With these words the governor declined to put forward a program for meeting the situation and attempted to shift the leadership and the responsibility to the legislature and to its committees.

This refusal of the governor to advance a revenue program to finance his expenditure program is especially significant in view of the provisions of the budget amendment to the constitution and the 1918 budget statute. The constitution provides that "the governor shall recommend to the general court a budget which shall contain a statement of all proposed expenditures of the commonwealth for the fiscal year, including those already authorized by law, and of all taxes, revenues, loans and other means by which such expenditures shall be defrayed." [1]

[1] Amendments of the Constitution, Art. LXIII, Sec. 2.

The budget act of 1918, which, under the constitutional provision, is binding on the governor, specifically states, "The budget shall also include definite recommendations of the governor as to the financing of the expenditures recommended and the relative amounts to be raised from ordinary revenue, direct taxes, or loans." [1] The revenue recommendations of the 1920 budget can hardly be termed "definite recommendations" or a statement of "all taxes, revenues, loans, or other means" for financing the appropriations recommended.

The revenue shortage forced the governor and the supervisor to search every source for additional funds. The first step taken was to revise upward the auditor's estimate of revenues from present taxes. How much more revenue was "discovered" by this process it is impossible to ascertain from the budget, because the budget revenue estimate is classified by departments while the auditor's estimate, as printed in the budget, is arranged by sources and each contain items omitted by the other. This process of "raising" more revenue merely by revising the estimates is not entirely unknown in American finance. The supervisor is not to be criticised, however, for making these upward revisions unless the actual revenues prove to be less than his anticipations. The fact that the supervisor has refused to accept the auditor's estimates as final must be taken as a point in the supervisor's favor. The auditor's estimates have frequently been a million dollars or so too conservative. In 1918 the extent

[1] General Acts 1918, Ch. 244.

of this underestimate was some $4,400,000 and in 1919, $2,715,000.[1]

The revenue estimates also contain an item of $3,100,000 to be realized from the sale of the great drydock constructed at public expense in Boston harbor. The justification advanced for placing these capital funds in the general fund is that at least an equivalent amount is to be appropriated from that fund for other capital outlays and for debt service. A similar transaction is recommended in taking from the sinking funds of the commonwealth an alleged surplus of $800,000 and adding this to the general fund to be used in meeting maturing bonds. The budget contains no detailed statement in support of this estimated surplus of the sinking funds.

The Budget Before the House Committee on Ways and Means.

The governor's budget, on receipt in the house, was referred immediately to the house committee on ways and means. The usual hearings were undertaken as in 1919, though it is to be noted that the senate and house committees sat together for the first time in Massachusetts budget experience. Representative Frank E. Lyman was now chairman of the house committee in place of Representative Benjamin Loring Young, who though remaining a member of the committee, became the Republican majority floor leader.

[1] 1918 House Document 300; 1919 House Document 300.

The ways and means committee found itself in a difficult position. The governor's budget made no provision for a revenue deficit of over a million dollars. It recommended also the placing in the general fund of the proceeds from the sale of the drydock and the alleged surplus in the sinking funds. The wisdom and constitutionality of such action was not clear. This cast a shadow of doubt on a further estimated revenue of almost $4,000,000. In the face of this perplexing situation, the ways and means committee, under the leadership of Mr. Young, began a quest for information.

On January 20 an order drawn by Mr. Young was offered in the house and subsequently adopted calling upon the treasurer and the auditor to "investigate and report to the House forthwith upon the financial condition of all sinking funds established to extinguish any bond issues of the Commonwealth." [1] This was followed on January 29 by the passage of an order to the auditor to furnish the general court full information on the port of Boston fund and the financing of the drydock.[2] Toward the latter part of February, the attorney-general was asked for his opinion as to "whether and to what extent the $3,107,366.93 which will be received from the Federal Government as the purchase price of the Boston Drydock may legally be considered a receipt into the general fund of the Commonwealth, and so be available to meet current appropriations made by the General Court." [3]

[1] 1920 House Journal, January 20. [2] *Ibid.*, January 27.
[3] 1920 House Document 1342.

Results of Financial Inquiries.

As a result of the inquiries directed to the auditor and to the treasurer the joint ways and means committee was placed in possession of certain very illuminating information.

The sinking fund study appears to bear out the governor's statement that a large surplus exists in the sinking funds of the direct debt. Computing at 4%, the direct debt sinking funds show a surplus of slightly over $900,000. At 3½%, however, this becomes a deficit of $70,000. The contingent debt sinking funds, which the governor's budget does not mention, computed at 4% shows a deficit of $4,430,000. These computations are as of November 30, 1919, and are based on the assumption that all securities held in the various sinking funds will mature and be paid to the commonwealth at par in time to discharge the indebtedness against which they are held. This assumption is unquestionably unsound. Only a part of these securities will mature in time, and the fact that many millions of dollars of these securities are far below par in the market would indicate a serious shrinkage. It is to be noted also that the estimated surplus becomes a deficit if sinking fund requirements are computed at 3½% instead of 4%.[1]

The drydock study shows that the project was financed from bonds to the extent of $2,000,000 and from the other funds to the extent of $1,100,000. The bonds

[1] 1920 House Document 1339.

issued were part of a nine million dollar loan for port development, of which $7,700,000 is still outstanding.[1]

The Opinion of the Attorney-General.

The question of the legality of the appropriation for general purposes of the proceeds of the sale of the drydock rendered by the attorney-general is an unusual document. He points out that "a certain portion of the price received from the United States for the drydock is the proceeds of bonds which are still outstanding and unpaid." After considerable computation this amount is fixed at $1,992,213.85. He then cites Article LXII of the amendments to the constitution which provides in section 4:

> "Borrowed money shall not be expended for any other purpose than that for which it was borrowed or for the reduction or discharge of the principal of the loan."

And on this basis concludes that the $1,992,213.85 "may not be used save for the purposes for which the money was borrowed or to repay the loan."

After completely disposing of the legal and constitutional question, and after indicating the extent to which the funds in questions may be used, the attorney-general proceeds to outline a suggested financial policy for handling the entire matter. This is the unexpected feature of his opinion. His recommendations are (1) that $250,000 be used to meet maturing obligations of the port development loan, (2) that $600,000 be appropriated from this resource for port development instead of from

[1] 1920 House Document 1273.

other permanent funds as recommended in the governor's budget, (3) that $1,000,000 be used to purchase highway bonds which it is suggested should be issued to finance the highway construction program which the governor's budget provides for from current revenues, and (4) that the remaining $142,213.85 be used for port development or held to apply on the maturing port development bonds of 1921.[1] Though the attorney-general has attempted to guard himself against the suspicion of entering the field of financial policy in this opinion, the following paragraph indicates the true purport of his suggestions:

> "In conclusion, I may suggest that the determination of the question submitted to me by your committee must depend ultimately upon the principles of sound finance rather than upon the legal principles involved. By that, I mean, that whether the Commonwealth has or has not the power under the Constitution to transfer money borrowed for the capital account to the income account and to use it for current expenses should not determine the course to be pursued by your committee. The General Court has power under the Constitution to raise the entire amount required for the expenses of the year by a bond issue, making any state tax unnecessary and passing on to future taxpayers the burden of paying the budget for the current year. To use money received from the sale of the property of the Commonwealth, which property has not yet been paid for, is an indirect way of accomplishing the same result. If the principle of using the proceeds of the sale of the drydock for current expenses is sound, a sale of the Commonwealth Pier to the Federal Government for $5,000,000, and of other property acquired by the

[1] 1920 House Document 1342, page 4.

> port development loan would make it possible to do away with the state tax altogether or reduce it to an inconsiderable sum. The motive which has constrained the General Court to make provision for current expenses from current income is as cogent to prevent passing on the burden to future taxpayers indirectly by a sale of the property of the Commonwealth acquired with borrowed money as directly by means of a bond issue." [1]

The nature of the attorney-general's opinion and his specific reference to conferences with members of the joint committee on ways and means lead to the conclusion that members of that committee had no small part in determining the opinion of the attorney-general on the broader questions of public finance.

Public Criticism of the Governor's Budget.

The attorney-general's opinion of March 1 made it clear that the governor's budget recommendations were not only unsound financially on certain matters, but that the recommendations concerning the drydock were unconstitutional. On March 3 the *Boston Transcript* in its leading editorial discusses the alleged sinking fund surplus as well as the constitutional limits on the use of the proceeds from the sale of the drydock, and observes that the state faces a "crisis of twofold nature" in which the choice lies between a sacrifice of the established custom of utilizing capital funds for capital purposes alone or the increase of the tax burden. The editorial concludes:

> "This choice is so serious and so critical for the State that we believe the governor will not hesitate to take his recent

[1] 1920 House Document 1342, pages 4, 5.

> budget recommendations newly under advisement in the light of the fresh information which has been brought to bear upon them, and to revise them after a fashion which will not only make a sound solution of the present difficulty but also comprise an adequate discharge of the responsibility which the constitution now imposes upon the governor to recommend to the General Court a fully workable statement of 'all taxes, revenues, loans and other means' by which the expenditures of the year shall be defrayed."

The implications of the phrase "an adequate discharge of the responsibility which the constitution now imposes upon the governor" is worthy of note.

The *Boston Herald*, under the heading "Budget and Drydock," also comments editorially on the unsatisfactory position in which the budget was placed by the attorney-general's opinion, and observes, "Governor Coolidge will not be able to fulfil his hope of keeping the state tax at the $12,000,000 level." [1]

Committee Requests Budget Revision.

On receipt of the attorney-general's opinion, the committee on ways and means addressed the following letter to the governor, the significance of which is readily appreciated in the light of events:

March 3rd, 1920.

His Excellency Calvin Coolidge, Governor of the Commonwealth.

Sir:

I am directed to transmit to you the following vote, which was unanimously passed at a meeting of the Committee on Ways and Means held yesterday afternoon:

[1] March 4, 1920.

Voted, That in view of the opinion of the Attorney-General relative to the funds received from the sale of the Boston Dry Dock and the Report of the Treasurer and Receiver-General and the Auditor relative to the financial condition of the Sinking Funds of the Commonwealth, a letter be transmitted by the clerk of the committee to His Excellency, the Governor, requesting him to submit to the General Court a supplementary budget containing a statement "of all taxes, revenues, loans and other means" by which the expenditures recommended in his original budget message shall be defrayed.

Respectfully yours,

H. L. SHATTUCK,

Clerk, Committee on Ways and Means.

The Governor's Revised Budget.

The attorney-general's opinion, the studies of the auditor and the treasurer, the public criticism and the vote of the committee on ways and means brought the governor to a significant revision of his budget. On March 4 he wrote to the general court submitting a "new balance between estimated receipts and recommendations for 1920."[1] The new recommendations eliminated the following items:

Sale of the drydock	$3,107,366.93
State tax	12,000,000.00
The indefinite "Special taxes"	1,313,720.19
Total	$16,421,087.09

and inserted in their place:

Receipts from the sale of the drydock to be devoted to paying port development bonds maturing in 1920	$250,000.00
Additional levy on inheritances	171,087.09
Additional levy of corporation income tax	2,000,000.00
State tax	14,000,000.00
Total	$16,421,087.09

[1] 1920 House Document 1350, page 1.

The revised recommendations thus call for a state tax of two millions more than the original budget, and in place of the indefinite suggestions of the budget with regard to "special taxes," the governor recommends a substantial increase of the levies on inheritances and on corporations.

The troublesome receipts from the sale of the Boston drydock are disposed of as follows under the revised budget plan:

To meet port development bonds maturing in 1920	$250,000.00
To the port of Boston fund, to replace appropriations from that fund in 1918 to complete the drydock	778,805.34
To a special fund to be used to purchase and cancel port development bonds under favorable conditions, and pending such disposition to be available for investment in other bonds or notes of the commonwealth	2,078,561.59
Total sale price of drydock	$3,107,366.93

It will be seen that this disposition not only conforms with the constitutional requirements as interpreted by the attorney-general, but that it also meets the criticism of the press and of the members of the legislature.

Restoration of the Constitutional Principal of Executive Responsibility.

Though the financial recommendations of the revised budget are by no means unimportant, the truly significant feature of this revision lies in its restoration, at least in outward form, of the constitutional principal of executive responsibility for the budget. In the original budget, the governor dodged the issues involved in the revenue

shortage and passed on to the legislature and its committees the solution of the financial problems of the state. In the words of the *Boston Transcript*, the 1920 budget did not "comprise an adequate discharge of the responsibility which the constitution now imposes upon the governor to recommend to the general court a fully workable statement of 'all taxes, revenues, loans and other means' by which the expenditures of the year shall be defrayed." As a result of inquiries and pressure by the joint committee on ways and means, the governor was induced not only to revise certain objectionable financial features of his budget, but also to recognize his responsibility for the budget and to recommend specific methods of raising the revenues to finance his expenditure program.

Seen in its proper light this conflict between the governor and the legislature over the 1920 budget is a constitutional struggle of real importance in the evolution of the Massachusetts budget. It was a real crisis. If the position of the governor in his original budget had been allowed to stand unchallenged, and the conception of executive irresponsibility there evinced allowed to continue, the executive budget system of Massachusetts would have been gradually destroyed.

The leading editorial of the *Boston Transcript* of March 5 indicates that the more serious newspapers appreciated the fundamental nature of this constitutional precedent. After approving of the fiscal policy adopted by the governor in his revisions, the editorial concludes:

"And the governor's decision involves something more even than this. It upholds and supports the new principle of executive responsibility for the management of the finances of Massachusetts which was proclaimed by a recent constitutional amendment. It sets a standard for future governors to observe in the assumption of this new responsibility. It squares with the best modern concepts of good practice in government."

CHAPTER XII

CLASSIFICATION OF THE MASSACHUSETTS BUDGET SYSTEM

WHAT kind of budget system does Massachusetts have? This is a question that may well be asked at the close of the story of the development of the budget system in Massachusetts. There are those who have said it was really a "legislative budget," others have called it an "advisory executive budget" or a "governor's budget," and still others, an "executive budget."[1] It is clear that such a difference of classification must rest primarily on a difference of definition of terms. To clear up this confusion, the following classification of budget systems is suggested as a means of placing the Massachusetts system.

Classification of Budget Systems.

A budget system is a system of finance in which expenditures are made and revenues provided in accordance with a plan. If there is no plan, there is no budget system; if there is a plan, there is at least the first essential of a budget system. An examination of the various budget systems indicates that there are four important stages through which each budget must pass. These are:

[1] A. E. Buck, *National Municipal Review*, August, 1919; 1918 House Doc. 1185; Joseph Walker, Convention Debates, Vol. 107, p. 130; F. W. Powell, Municipal Research No. 91; Report of New York Reconstruction Commission, 1919, p. 305.

1. Preparation of the plan.
2. Authorization of the plan.
3. Execution of the plan.
4. Audit of the execution of the plan.

Each of these activities may be entrusted to various authorities of the government.

An examination of the state budget systems shows a wide variety of methods used in the preparation of the budget. In some states the governor is responsible, in others it is a legislative committee, an administrative board, or a commission of legislative and executive officers. The authorization of the plan laid down in the budget is always entrusted to the legislature, though in a few cases restrictions are placed upon the legislature in order to prevent any radical reorganization of the budget plan by the legislature. Responsibility for the execution of the plan, after authorization by the legislature, depends entirely upon the structure and organization of the executive branch of the government. Where the executive is composed of a hundred or more independent boards, departments, commissions, trustees and officers, the responsibility for the execution of the plan is divided among as many entities. Where the executive department is unified under the chief executive, he becomes responsible for the execution of the plan. The audit of the execution of the plan is either entrusted to an officer responsible to the governor, or to an executive officer independent of the governor, or to an officer responsible to the legislature.

It is thus evident that budget systems classified by the preparation of the budget may be of the executive, legislative, administrative board, or administrative-legislative board type; while if classified by the agency of ratification, they are legislative, or restricted legislative; or when classified by execution they are of the multiple executive or unified executive types; and finally if classified by the audit of execution, they are of the executive, legislative, or independent auditor type.

Classification of the Massachusetts Budget System.

The Massachusetts budget system, as it now stands, is not classified easily. The legal provisions may be clear enough, but the execution of those provisions leaves considerable doubt as to where the real responsibility lies. The preparation of the Massachusetts budget is in the hands of the governor. Both the law and the constitution are clear on this point. During the first year under the new system, however, the governor certainly accepted little responsibility. It was shifted to the supervisor of administration, and then shouldered by the chairman of the house ways and means committee. This tendency toward a disintegration of executive responsibility for complete budget recommendations was checked by the legislature in 1920, so that it may be said that in 1920 the governor was responsible for the preparation of the budget, though the policies adopted in the budget were largely those of the legislative leaders.

The ratification of the budget is entrusted to the legis-

lature with the restrictions that the budget recommendations shall be embodied in a single bill to have precedence over all other appropriations and that appropriations not based on the governor's recommendations shall be self-financing.

The execution of the financial plan will be largely in the hands of a score of department heads as soon as the recently adopted reorganization of the executive branch becomes effective. Heretofore it has rested with over a hundred independent departments, boards, commissions and institutions. The only effective control over the department heads is the supervisor's control of salaries and appointments. The reorganization fails to place the executive responsibility upon the governor through its failure to make the terms of office of the department heads coincide with the governor's, and through its continuation of the elected governor's council. This failure was intentional so far as the constitutional convention was concerned.

The audit of appropriations and revenue collections is entrusted to an elected auditor who is thus independent of the governor and of the legislature.

The present Massachusetts budget system may therefore be classified somewhat as follows: In the preparation it is an executive budget system, though the leadership is legislative; in the authorization of the plans it is of the restricted legislative type; in the execution of the plans it is of the partially unified executive type; and in the audit of the execution it is of the independent auditor type.

CHAPTER XIII

OUTSTANDING FACTS IN THE EVOLUTION OF THE MASSACHUSETTS BUDGET

In Massachusetts the evolution of the present budget system has extended over a long period. The origins of many of its fundamental principles stand recorded in the documents and laws of colonial, provincial and pre-Revolutionary days. The "budget system," however, was never the aim of reformers in Massachusetts until within the last decade, and while the chief financial reforms of the past have laid the foundations for the present system, there is no evidence to show that there was any conscious movement toward a budget system until the legislative session of 1910. The following paragraphs summarize briefly the more significant events in this long development.

Evolution of Estimates.

The first general court under the Massachusetts constitution of 1780 issued to the people of the state a financial program and appeal containing an estimate of the probable needs of the civil and military departments of the state government. The next evidence of estimates of financial needs is soon after 1800, when regular annual estimates are submitted to the legislature by the treasurer. The duty of preparing the estimates was transferred to the newly created auditor in 1849. In 1858 a very im-

portant change was made by the requirement that each administrative officer should make his own estimates, instead of leaving this task to the auditor. These estimates were sent by the departments directly to the speaker of the house, and by him to the committee on finance. From this time on, the estimates had the advantage of representing the estimates of the men who were doing the work, but they had the disadvantage of ceasing to represent a unified plan of expenditures. In 1872 the secretary of the commonwealth was made recipient of the estimates and was required to publish them "in one document." This task was next entrusted to the auditor, beginning with 1885. In 1910 the governor was required to receive the departmental estimates and to submit them to the general court together with his recommendations. This first attempt to secure the sifting of the estimates by the governor — the first in any state of the Union — failed in operation, and the law was repealed in 1912, when the commission on economy and efficiency was created and authorized to report to the legislature with regard to departmental estimates. The commission was replaced by the supervisor of administration in 1916. In 1918 the budget system was adopted, following the presentation of the budget for 1918 by a recess committee of the legislature.

Authorizations.

The authorization of appropriations and revenue measures has always been a function of the legislature. The

annual voting of direct taxes goes back to colonial days, though the annual voting of appropriations was not made all inclusive till 1859, when continuing appropriations were abolished. The freedom of the legislature in voting money bills has been gradually qualified. Special legislative rules were passed to guard against ill-considered action on money bills and tax measures as early as 1808; in 1816 a date was fixed early in the session after which no motion for the grant of money might be entertained; in 1858 the house rule was adopted, requiring the reference of all appropriation measures to a single committee; during the same year the rule was established that appropriations might not be passed except for objects or purposes already authorized by law; and finally, in 1918, it was determined by constitutional amendment that appropriations based on the budget should be gathered together in a single bill with precedence over all other appropriations, that private appropriation measures should be self-financing, and that the authorization of loans should be restricted.

Audit of Expenditures.

Until 1849 the audit of expenditures and revenues was handled by a committee of the legislature and though the office of auditor was established at that time, it was not until 1855 that he was made independent of the legislature and the governor by direct election. In 1858 the auditor's position was materially strengthened; and in 1908 he was given power to require the departments

and institutions to install uniform accounts and records. The actual audit of institutional expenditures was unknown until 1908.

Execution.

In 1780 a large part of the funds spent by the commonwealth were entrusted to committees of the general court. Under the new constitution, however, this practice was soon discontinued. In 1785 the governor by veto put an end to the "Committee to Receive, Concur and Pay Accounts," thereby terminating the last important executive committee of the legislature. In 1855 the nation-wide wave of democracy carried an amendment to the constitution making a number of executive officers elective, thereby splitting the executive at the source. The habit of independent commissions and overlapping boards next had its vogue, and in spite of clear and outspoken attacks on the lack of executive responsibility, the first efforts at reform were made within the last decade and the first results achieved in 1917, 1918, and 1919.

These dates serve merely to mark the more important steps in the development of the present Massachusetts budget system and to call attention to its gradual evolution. It has been a slow and unbalanced growth. First one part of the financial process and then another has been recognized as faulty, and has been improved.

The Dynamic of Budget Reform.

The most important single force lying back of the improvement of financial procedure and of the adoption of

the budget in Massachusetts has been the effort to keep expenses and direct taxes down.

In the history of Massachusetts since 1691, there have been three distinct efforts to establish financial planning. The first of these came to a head in 1733. It was the direct result of the "calculating and parsimonious character" of the people's representatives. It was found that a unitary financial system formed an effective means of limiting expenditures and controlling executive action. In 1858, the second effort was made as a means of decreasing direct taxation. The final constitutional establishment of the budget in 1918, following eight years of direct agitation, was the result of an effort to curb the state tax and to control the "tremendous increase in governmental expenditures." [1]

Legislative Leadership.

In each of these movements to establish a budget system the legislature itself has taken the lead. In 1733, unitary financial planning was a method of legislative control over executive acts. In 1858, the governor was emphatic in his demand for economy, but it was the legislature which attempted to establish a unitary financial system as a means of securing that economy. In 1910, the first efforts toward a budget were made by the legislature, and the constitutional amendment of 1918 was little more than a ratification of the budget system already

[1] Representative Benjamin Loring Young, in 1919 budget speech, House Doc. 1370.

inaugurated by the legislature. In 1910, 1918, 1919, and 1920, the prime movers were members of the house committee on ways and means.

The Limits of Public Interest.

The discussion in the legislature of 1918 and in the constitutional convention, and the vote on the budget amendment, show that there is no great popular interest or enthusiasm in budget reform. What interest there is cuts across both political parties and appears to be that of the more progressive public servants and the business men of the cities. Their influence was enough to write the budget system into the Massachusetts state constitution, though the convention was extremely antagonistic to any expansion of executive powers.

The Influence of the Budget Environment.

In 1910 Massachusetts tried to make the executive responsible for submitting a financial plan to the legislature. The attempt was a failure, and served only to prejudice the legislators against any future increase of the governor's powers. This failure was the direct result of the personal and political elements and forces which formed the setting and environment of the new fiscal venture. The governor had no knowledge of budget methods or principles and he and the legislature were of opposite political parties. This initial breach was widened by the energetic and bellicose character of the chief executive. The result was a bitter conflict, a conflict

the solution of which the Massachusetts constitution does not provide. Though the governor was reëlected, the state was so districted and so organized politically that the legislature was each time increasingly antagonistic.

In 1918 the attempt was renewed to make the governor responsible for the preparation and presentation of a plan for financing the commonwealth. The personal and political environment proved more favorable on this occasion. No controversy developed between the executive and the legislature, in fact the "silent" nature and tactful policy of the governor transferred the real responsibility for the budget to the chairman of the house committee on ways and means, an officer recognized neither by the constitution nor by the laws of the state. In 1920 the governor was forced, after a constitutional struggle, to reassume responsibility for a complete budget, but as in previous years the real financial leadership, as reflected in the budget, is that of the house committee on ways and means. The personal and political forces involved have again exerted a powerful influence on budget evolution.

Three Years of Budget Experience.

Three years of practice is unquestionably too short a time on which to base any very weighty conclusions. This is all the more the case as the 1918 budget was the work of a legislative committee. Then, too, 1918 and 1919 were war years, and war years, even where there

is an established budget, have a tendency to derange the fiscal system. Nevertheless, the following facts stand out clearly in the recent experience of Massachusetts.

1. The Value of the Budget System.

The budget system is worth while. It has already resulted in an understanding and a discussion of the fiscal problems of the commonwealth both in the general court and in the public press that was previously impossible. It has resulted in a more systematic and sounder financial policy, and is to be credited with having prevented an unnecessarily large increase of state expenditures during the unsettled war years. It has been the decisive factor in broadening the financial policy of the state, thus making it practically impossible to secure, by the familiar tactics of log-rolling, the passage of private appropriations for projects of no advantage to the state as a whole.

2. The Need of a Budget Staff.

A permanent staff agency responsible for the routine work of gathering and sifting estimates is indispensable. The experience with the sifting of financial plans and estimates in 1910 as well as the experience in 1918, 1919, and 1920 is evidence of this need. Whether the preparation of the budget is vested in a recess committee, the governor, or the ways and means committee, the administrative and clerical work of preparing the budget must of necessity be entrusted to a permanent staff agency.

3. *The Failure of Massachusetts Provisions to Make the Governor Responsible for the Budget.*

The budget provisions of the Massachusetts constitution and law were intended to make the governor responsible for the budget, and to require him to assume the financial leadership in the affairs of the commonwealth. In this they have failed. The legal and constitutional provisions have not created an environment conducive to the development of executive responsibility for the budget, nor has it been possible to fix leadership upon the governor by law, when as a matter of fact the real leadership of knowledge, experience and ability was to be found in the legislature. The governor's control of the executive departments, even with the consolidation, is spasmodic and subject to the approval of the independently elected council, with the result that he neither executes the budget, nor has the working knowledge necessary to stand sponsor for a well-balanced, rock-bottom plan for financing the commonwealth. He is not required to present his budget in person and thus to make his responsibility dramatic and personal. He has no right to enter the legislature and debate his proposals, nor can he be required to appear in their defense. And finally the only budget that is publicly advocated before the legislature, under present procedure, is the revised plan of the house committee on ways and means, and its explanation and defense are in the hands of a member of the legislature. While the constitutional precedent of 1920 has forced the governor to assume the outward form of budget responsibility; it has not in

reality shifted the financial leadership to him. Under present conditions, with present men and present problems, the constitutional and legal provisions of Massachusetts have not developed a responsible executive budget system.

The Permanency of the New Budget System.

Inasmuch as the present financial system of Massachusetts is the result of many years of experimentation and progress, it is certain that still further developments are ahead. An evolutionary view of the past requires an evolutionary view of the future. What course these future changes will follow can only be conjectured at the present time, but one thing appears reasonably certain: whatever happens, *the budget system has come to stay.* It is a step forward that will not be retraced. The general court of Massachusetts will never again proceed to the consideration of appropriations and taxes without first requiring some responsible agency to present a plan for controlling and financing the work of the commonwealth.

APPENDICES

APPENDIX I

THE BUDGET AMENDMENT OF THE MASSACHUSETTS CONSTITUTION RATIFIED NOVEMBER, 1918

SECTION 1. *Collection of Revenue.* — All money received on account of the commonwealth from any source whatsoever shall be paid into the treasury thereof.

SECTION 2. *The Budget.* — Within three weeks after the convening of the general court the governor shall recommend to the general court a budget which shall contain a statement of all proposed expenditures of the commonwealth for the fiscal year, including those already authorized by law, and of all taxes, revenues, loans and other means by which such expenditures shall be defrayed. This shall be arranged in such form as the general court may by law prescribe, or, in default thereof, as the governor shall determine. For the purpose of preparing his budget, the governor shall have power to require any board, commission, officer or department to furnish him with any information which he may deem necessary.

SECTION 3. *The General Appropriation Bill.* — All appropriations based upon the budget to be paid from taxes or revenues shall be incorporated in a single bill which shall be called the general appropriation bill. The general court may increase, decrease, add or omit items in the budget. The general court may provide for its salaries, mileage, and expenses and for necessary expenditures in anticipation of appropriations, but before final action on the general appropriation bill it shall not enact any other appropriation bill except on recommendation of the governor. The governor may at any time recommend to the general court sup-

plementary budgets which shall be subject to the same procedure as the original budget.

SECTION 4. *Special Appropriation Bills.* — After final action on the general appropriation bill or on recommendation of the governor, special appropriation bills may be enacted. Such bills shall provide the specific means for defraying the appropriations therein contained.

SECTION 5. *Submission to the Governor.* — The governor may disapprove or reduce items or parts of items in any bill appropriating money. So much of such bill as he approves shall upon his signing the same become law. As to each item disapproved or reduced, he shall transmit to the house in which the bill originated his reason for such disapproval or reduction, and the procedure shall then be the same as in the case of a bill disapproved as a whole. In case he shall fail so to transmit his reasons for such disapproval or reduction within five days after the bill shall have been presented to him, such items shall have the force of law unless the general court by adjournment shall prevent such transmission, in which case they shall not be law.

VITA

LUTHER HALSEY GULICK was born on January 17, 1892, in the old American Consulate in Osaka, Japan. He was graduated from Oberlin College in 1914 with honors in political science, and received the degree of Master of Arts the following year. The academic years 1915 to 1917 were devoted to graduate study at Columbia University, where he was successively President's University Scholar and Gilder Fellow in Political Science. At Columbia University he majored in the Department of Political Science under the direction and guidance of Professor Charles A. Beard, Professor Thomas Reed Powell, Professor Howard Lee McBain, Professor James Harvey Robinson, Professor Henry Rogers Seager, Professor Edward M. Sait, and Professor Edwin R. A. Seligman. During this period he attended a number of courses offered by the Training School for Public Service of the New York Bureau of Municipal Research and took part in various field studies in government. After a brief appointment as Secretary of the Joint Special Committee on Finance and Budget Procedure of the Massachusetts General Court, slightly over a year was devoted to war service. Early in 1919 he was honorably discharged from the United States Army, and accepted an appointment on the staff of the New York Bureau of Municipal Research.